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FINANCIAL MANAGEMENT IN A GOVERNMENT AGENCY AND A MEANS TO ATTAIN IT

Donald G. Campbell

FINANCIAL MANAGEMENT IN A GOVERNMENT AGENCY AND A MEANS TO ATTAIN IT

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CHAPTER I

INTRODUCTION

The Research Question

The purpose of this study is to determine whether the concepts and practices of financial management can be applied successfully to the operation of a government agency. The United States Coast Guard will be used for a model in this study and the paper will be directed at a program within that service. The program is called Subhead Thirty, or SH30 for an abbreviated usage. In addition to the limitation placed on the study by looking at just the Coast Guard, an additional restriction is added by the use of a model Coast Guard District. For this report the First Coast Guard District, headquartered in Boston, Massachusetts, will be the principal focal point as, in the opinion of the author, their program under the Subhead Thirty concept appears to be typical and complete as currently documented. The primary research question can then be stated as: Can Financial Management become a reality in a government agency through utilization of programs and concepts as put forward in the United States Coast Guard's Subhead Thirty Program?

To facilitate the development of the paper, the subsidiary questions which will be investigated are:

1. What is the Subhead Thirty concept or program?
2. How does the current program under Subhead Thirty differ from those preceding it?
3. What does the comptroller in the field think about this project?
4. What shortcomings have been uncovered in the implementation of Subhead Thirty that could serve to aid in future programs of the same magnitude?

Scope of the Study

It was originally intended that this paper would delve into the entire spectrum of financial management in the federal government. As data was obtained, and the size of the project became more apparent, it was decided to limit the study to one particular portion of the governmental operations. As the author is familiar with the operations and administration of the Coast Guard, it was resolved that the paper would look at the most current program in that service which is designed to improve the management of its allocated resources. The first chapter is included to give an overview of the origins of this complex, multi-mission service. It will provide an understanding of the difficulties encountered in describing programs and missions for this service. The remaining chapters of the paper are devoted to Financial Management, the Subhead Thirty program,

and related activities. The latter of these will include fundamental descriptions of the program, a study of the results of a survey of field Comptrollers taken by the author, and finally, the conclusions and recommendations arrived at from the compiling of data.

Purpose and Utility of the Study

This study is undertaken as a first evaluation of the establishment of a financial management program within the United States Coast Guard. The program currently in effect throughout the service has not been given a thorough and detailed look, nor has a service-wide study been undertaken to ascertain the successes or failures of the project when viewed from the local level. Because of the aforementioned needs, this study is intended to meet the needs of the Coast Guard in evaluating the current administration of its financial management program. It is hoped that the results of this study will be valuable to the Coast Guard in future operations in this area.

Research Methods Utilized and Methods of Analysis

Information for this study was gathered from both primary and secondary sources. Interviews were given by several members of the staff of the Commandant of the Coast Guard, as well as other agencies in the federal establishment. In

addition, a questionnaire was developed and sent to all field Comptrollers in the Coast Guard.[1] The information received from the Comptrollers and various program managers throughout the service is included in Chapter V as a survey of the field. Additional information obtained from the questionnaire was used throughout the paper as supportive accounts. The remaining information used in this study was obtained from secondary sources and is used as a catalyst for the primary data. The secondary information used is generally in the form of official publications or documents of a public nature. No data was obtained from classified sources and security is not at issue in this report.

The analysis of the data gathered was generally deductive in nature and usually the results and conclusions were reached in this manner of reasoning. Initially it was thought that some computer technology would be applied to the analysis of the questionnaire, but the size of the population and sample did not warrant it. In addition, a large portion of the response to the questionnaire was subjective in nature and was, therefore, not easily adaptable to computer applications..

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[1] The questionnaire and the graphical presentations of the response patterns are presented in Appendix II.

Organization of the Study

The body of this paper is straightforward in its organization. The study begins with a brief history of the Coast Guard. Following this, the reader is introduced to Financial Management and Subhead Thirty, a program of financial management now being used throughout the Coast Guard. After this is an analysis of results obtained from a survey of Coast Guard Comptrollers in the field. The results of the survey lead into the development of a model in Chapter VI, which is a composite of all the Comptrollers' and program managers' responses to the questionnaire. This model is intended to act as a guide for implementation of programs such as Subhead Thirty in other agencies, as well as to indicate the author's concept of the program as established today in the Coast Guard. The paper will close with conclusions and recommendations which include proposals for future improvements in the current system and a review of the programs currently under consideration by the Coast Guard. Therefore, the paper is divided into three parts: past, present and future.

Definitions

A glossary of terms has been added in Appendix I. The author has attempted to limit the use of words or abbrevia-

tions common only to the service. The glossary is added for clarification purposes, since all terminology that is common to the service cannot be avoided.

CHAPTER II

A BRIEF HISTORY OF THE UNITED STATES COAST GUARD

> The Coast Guard, a part of the Armed Forces of the United States, is the principle federal agency for maritime law enforcement and marine safety.[1]

The Early Years, 1790-1915

In the very first year of its being, the United States was faced with a severe shortage of funds coupled with a huge foreign and domestic debt. The first cabinet, formed on the inquguration of President Washington in April 1789, included Alexander Hamilton as the first Secretary of the Treasury. The first assignment given to Secretary Hamilton was the collection of sufficient funds to operate the federal government and pay the $70,000,000 debt incurred in the Revolutionary War. As a means of accomplishing this task, Hamilton proposed the Revenue Act of 1789. The Act imposed a tariff on goods imported from foreign producers and was believed to have a dual value in that it would stimulate the growth of American industry and provide the monies necessary for the government. Congress and the

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[1] Stephen H. Evans, The United States Coast Guard 1790-1915: A Definitive History (Annapolis, Md.: United States Naval Institute, 1949), p. ix.

President supported the bill and it was passed with minimal opposition.[1]

The new law was soon shown to be unmanageable without an enforcement agency. Smugglers and privateers had developed an extremely profitable and successful business in the last years of English domination. These same men now found their talents much in demand in attempted violation of the tariff. So successful were the smugglers that the government was faced with a financial crisis within one year of the Revenue Act. To offset the losses Hamilton asked Congress for ten armed vessels to be used in the enforcement of tariff requirements. On August 4, 1790 the request was approved and the Revenue-Marine, later to become the United States Coast Guard, was born. There was no Navy at the time and there would be none until 1798. Of greatest concern to Hamilton and the Congress appears to have been the possible affront offered to members of the business or trade communities when the Revenue-Marine was authorized. It should also be pointed out that Congress feared the repercussion potential of a strong central authority or the effects of an incident which might result if American citizens came under the

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[1] Ibid., pp. 4-5.

aim of guns enforcing the government's authority.[1]

On March 21, 1791, President Washington conferred the first commission to an officer afloat on Captain Hopley Yeaton of Portsmouth, New Hampshire. Captain John Foster Williams, another officer commissioned that day, was to become the Commanding Officer of the first Revenue Cutter, the Cutter MASSACHUSETTS.[2] A total of ten of these small ships were built and the Captains had some leeway in their outfitting.[3]

Because of his desire for an efficient organization, and a little extra encouragement from the members of Congress, Hamilton wrote letters to all of his officer on June 1, 1791, stressing the need for the "strictest of economies" and pointing out that:

> The establishment of the Revenue Cutter Service not being entirely agreeable even to members of Congress, it will require uncommon care that it not be rendered more objectionable by any unnecessary expense.[4]

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[1] Howard V. L. Bloomfield, _The Compact History of the United States Coast Guard_ (New York: Hawthorne Books, Inc., 1966), p. 5.

[2] A cutter was a class of sailing ship originated in the colonies and noted for its speed and maneuverability. Ships and boats of the Coast Guard have been called cutters throughout the service's history.

[3] Bloomfield, _Compact History_, pp. 6-7.

[4] _Ibid._, p. 8.

Thus in the very formulation of the Service was economy and efficient operation of primary importance. The duties of the cutters were relatively uncomplicated and easily defined. As time passed however this was not to be the case as additional responsibilities were added. The first duties were augmented by the requirement that the ships sail along the coasts and chart information on the coast line, inlets, rivers, and bays of the new country, and report such information as might be of interest to navigation to the Department of the Treasury. Each of the ships was placed under the control of the Collector of Customs in the port to which is was assigned, for the enforcement of customs' laws. So successful were the operations of the Revenue-Marine Service that the country was obtaining ninety-two per cent of its revenue from the tariff. It should be pointed out that this income made it possible for the United States to pay all of its national debts by the year 1796.[1]

Throughout its history, the growth of the Coast Guard has been sporatic. Times of war or national emergency have tended to stimulate spectacular growth. Long periods of peace or economic decline have generally resulted in reductions in size, but not in the number of missions to which the service has

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[1] *Ibid.*, p. 13.

been assigned.

At the close of the eighteenth century the French and English were at war. Tension developed between the French and the United States when the American government elected not to aid the French cause. The people of France felt that the aid should be forthcoming as a return for the assistance they had rendered to the colonies during the Revolutionary War. The country could not afford involvement in foreign affairs and the decision was transmitted to the French. As a result, French warships began seizing American vessels on the high seas to stop foreign trade. Congress replied by increasing the compliments assigned to Revenue Cutters and raising the pay to stimulate interest in the service. Cutters were directed to intercept any attempted seizure of American vessels. Cuttermen experienced great relief when the French elected not to engage in activities along the American coasts.[1]

As a result of the pressures placed on Congress by the public, the Navy Department was organized on May 3, 1798. In 1799 the President was given the authority to place the Revenue-Marine Service under the control of the Department of the Navy

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[1] _Ibid._, p. 13.

in times of war, national emergency, or when in his discretion such is deemed appropriate.

The era of President Jefferson saw a shift away from the needs of the service. Jefferson was a firm believer that the country was isolated from interference or attack from abroad by "nature and wide ocean."[1] The Revenue-Marine declined steadily until 1807. In that year the Embargo Act was passed in reaction to the impressment of American nationals into the British Royal Navy to fill the needs of their service during the Napoleonic Wars. The Embargo prohibited the passage of all cargo through foreign ports to American ports and from American ports. Hundreds of merchant vessels were harbor-bound and the thousands of sailors who could not find work roamed every port city. Idleness brought lawlessness. Sailors and traders again turned to clandestine activities to defeat the law and smuggling was again commonplace. To offset the losses of tariff duties and insure that the Embargo Act was enforced, Congress authorized an expansion of twelve new cutters fro the service in 1809.

On June 19, 1812, President James Madison asked that war

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[1] _Ibid._, p. 19.

be declared against the English. Because of the need for new and well-trained naval personnel, the Revenue-Marine was placed under the Department of the Navy. Again the service was to grow and benefit from its association with the Navy as it had when it provided the only naval vessels available to the nation.

For the duration of the time the service was under the Navy, the men were to receive "military compensation". In other words, if injured they would receive a pension, if killed their wives and children would receive survivors benefits. Requests were made of the Congress to make these benefits available during all times to the men of the Revenue-Marine. Such was not to be. Congress feared that granting compensation of this type to the members of the Revenue-Marine would cause havoc throughout the government as all employees would expect equal treatment and the government would be bankrupt. The situation would not change for more than one hundred years.

Immediately following the War of 1812 the cutters were returned to the Department of the Treasury. Slavers and pirates plundered and robbed along the coasts and the cuttermen were sent out to put a stop to their activities. In 1818 the cutters were made the vehicle by which the Neutrality Act was enforced. In 1836 eight Revenue Cutters were ordered into action against the Seminole Indians on the coast of Florida. The first truly

amphibious action took place during this operation when Revenue-Marine Cutters landed troops and arms to save Fort Brooke near Tampa, Florida. This action preceded by more than a hundred years actions which would require the same courage and seamanship as the landing of troops in World War II beachhead actions.

The year 1837 opened a new area of operations for the men of the cutters. Congress passed a bill which was approved by the President, giving the cutters authority and responsibility to assist vessels in distress on the high seas. The Act stated that:

> . . . public vessels adapted to the purpose, take to sea and cruise the coasts in the severe portion of the season to render such aid to distressed navigators as their circumstances may require.[1]

From this operation, called "Winter Cruising", the assistance to distressed navigators has grown into the extensive and complex Search and Rescue (SAR) system operated by the Coast Guard of today.

Secretary of the Treasury John Spencer elevated the service to Bureau status and named Captain Alexander V. Fraser

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[1] U.S., Congress, House, Message of the President of the United States Transmitting Reports of the U.S. President's Commission on Economy and Efficiency, H. Doc. 670, 62nd Congress, 2nd sess., April 4, 1912, p. 290.

as Chief of the Revenue-Marine Bureau. In this reorganization the name of the service was formally changed to Revenue-Cutter Service. The new bureau was established with offices of accounting, engineering, personnel, operations, intelligence, and legal services. Captain Fraser stressed the need to modernize the service and make use of new concepts in ship design with the implementation of steel hulled vessels and steam power plants.[1]

Twenty-four years later, following a brief but successful operation in the Mexican War and a long period of decline in the service's morale and stature, the Cutter HARRIET LANE fired the first shot of the Civil War to be fired by a naval vessel. The HARRIET LANE had been ordered to relieve Fort Sumpter in Charleston Harbor shortly after President Lincoln ordered the Revenue Cutters into duty with the Navy. The ships were assigned the task of meeting the naval forces' objectives which in general were the "economic isolation of the South by blockade and by seizure of Confederate shipping, and provision of naval support for Union military ventures."[2] For the

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[1] Bloomfield, Compact History, pp. 39-45.

[2] U.S., Department of Treasury, Coast Guard, The U.S. Coast Guard and the Civil War (CG-381) (Washington, D. C.: U.S. Government Printing Office, 1964), p. 3.

Revenue-Cutter Service the War between the States brought some conflicts within families and among crews as it did through the country and the government. The cuttermen who remained faithful to the Union brought credit and valor to the service and did much to benefit the efforts on behalf of the nation.

The close of the Civil War brought about a long period of peace for the service and the country. The Revenue Cutters were returned to the Treasury and only limited use was made of them in the Spanish-American War during the naval actions off the coast of Cuba and in the Battle of Manila Bay. The major activity undertaken by the Cutters came about as a result of the Alaska purchase by Secretary of State Seward. The service was given the task of exploration of the new territory followed closely by the requirement to enforce the laws of the United States in the area.

It was men from the Revenue-Cutter Service who first brought back the news that Alaska was not a barren waste of frozen tundra but a veritable treasure house of natural resources. The new Cutter LINCOLN had been sent to Alaska to begin an indepth study of the coast, rivers, and territories of the purchase. This trip led to the implementation of the Alaska Patrol which exists today under the name Bering Sea Patrol, and is operated by Coast Guard vessels year round.

In the days before Alaskan statehood the cutters were the mainstay of American authority in the north. Ships assigned to the Alaska Patrol carried doctors and dentists. The Commanding Officers of the cutters held court, performed marriages, acted as Federal Marshals, operated the postal system, and in general conducted the business of the government. To many Alaskan natives the Revenue-Cutter Service and Coast Guard were the only links they had with the nation and with civilization.

Perhaps the most significant event in the history of the Alaska Patrol came during one of many cruises for the Cutter BEAR. In the winter of 1897 a fleet of whaling ships became stranded by an early freeze of the Artic ice off Point Barrow. First Lieutenant D. H. Jarvis, Second Lieutenant E. P. Berthoff, Surgeon J. S. Call, and a Russian guide, F. Koltchoff, left the BEAR at Nelson Island to begin a trek across 1,500 miles of frozen waste land in an attempt to rescue the trapped whalers. More than one hundred days later the party successfully delivered nearly four hundred reindeer in a herd that was soon augmented by an additional one hundred ninety fawns. Space prohibits true justice from being done to this miraculous feat of courage and perseverance, but it should suffice to say that this was perhaps the greatest rescue of all time. The effort saved the lives of 273 men and will be enshrined forever in the spirit of

the service as an example of the selfless dedication to humanity for which it stands.[1]

The rapidly changing technology and the political climate at the turn of the century stimulated significant and far reaching changes in the service. The first radio transmitted distress signal was sent out by the SS REPUBLIC and was responded to by the Revenue-Cutter Service in 1909.

To add another segment of the Coast Guard's rich and varied history necessitates turning back the clock momentarily to the founding of the Life Saving Service in 1848. Under the auspices of the Secretary of the Treasury, and in accordance with an Act of Congress, the first station was built at Spermacetti Cove on Sandy Hook, New Jersey. Men of the Lifesaving Service were to rescue thousands of men from peril on the sea through their efforts with the long boat and related equipment. Development of the lifesaving activities resulted from the numerous shipwrecks along the shore and not within the jurisdiction or capability of the Revenue Cutters who worked offshore. The Lifesaving Service was to follow a growth pattern similar to that of the Revenue-Cutter Service. Again, space

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[1] Evans, Definitive History, pp. 129-134.

prohibits just recognition of this service's work.

On April 15, 1912, over fifteen hundred men, women and children lost their lives when the largest and theoretically safest ship of that day, the SS TITANIC, struck an iceberg on her maiden voyage while traversing the waters off the Grand Banks of Newfoundland. As a result, 1913 saw the beginning of the First International Convention for the Safety of Life at Sea, which included delegates from most of the world's seafaring nations. The United States delegation included representatives of the Revenue-Cutter Service, the Lifesaving Service, and the Steamboat Inspection Service, and Bureau of Navigation. The most significant result of that first convention was the creation in 1914 of the International Ice Patrol. Cutters of the Revenue-Cutter Service were assigned this new and important task, concommitant to the many others they had acquired over the years.

In 1914, at the same time the service was being given an additional function, a Presidential Commission, established by President Taft, was recommending that the Revenue-Cutter Service be discontinued, and its missions, men and resources be transferred to the "Naval Establishment".[1] Influential members

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[1] U.S., Congress, House, Message of the President, H. Doc. 670, p. 338.

of Congress, the press, and the public moved to block the recommendation of the Commission, arguing that there was nothing in common between the roles of the Navy and the Revenue-Cutter Service. An alternative approach was offered by Treasury officials who suggested the merger of the Revenue-Cutter Service and the Lifesaving Service, since they had much in common and were both in the same department. The greatest assist to this proposal was not to come from normal or routine sources, but came when the SS ONTARIO caught fire and was beached near Montauk Point, Long Island. The men of the Plain Ditch Lifesaving Service Station went immediately to the rescue. The distance off shore and heavy surf conditions restrained the shore station from rescuing all hands. The Cutters MOHAWK and ACHUSHNET came to the assistance from offshore resulting in no lives being lost. This joint rescue so caught the imagination of the public that heavy pressure was put on the government to change its position in regard to the discontinuance of the Revenue-Cutter Service.[1]

On January 28, 1915, newly inaugurated President Woodrow Wilson signed into law an Act which created the United States Coast Guard. A complete resume of the Act could be stated in

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[1] *Ibid.*, p. 339.

the following sections:

> There shall be established in lieu of the existing Revenue-Cutter Service and the Lifesaving Service, to be composed of those two organizations, the Coast Guard, which shall constitute a part of the military forces of the United States and which shall operate under the Treasury Department in time of peace and operate as a part of the Navy, subject to the orders of the Secretary of the Navy, in time of war or when the President shall so direct . . . .
>
> All duties now performed by the Revenue-Cutter Service and Lifesaving Service shall continue to be performed by the Coast Guard, and all such duties, together with all duties that may hereafter be imposed upon the Coast Guard, shall be administered by the captain commandant, under the direction of the Secretary of the Treasury.[1]

Fifty Years of Growth, 1915-1965

Four months after the Coast Guard began operations under its new name the world was shocked by the news of the sinking of the liner LUSITANIA with the loss of 128 lives. Imperial German submarines began to make unrestricted war on the high seas and often could be found lurking in the vicinity of American lightships to ambush ships of nations "hostile" to Germany, when these vessels entered or departed port. For nearly two years the United States heeded the warning of President Washington and avoided "foreign wars". In the opening months of 1917 submarine activity against all shipping began to increase. The last week

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[1] Evans, Definitive History, p. 216.

of March saw the sinking of four American ships by the German Navy. All of the actions were without warning, and this was sufficient to bring America into the war. On April 3, 1917, President Wilson went before Congress to say, "it is a fearful thing to lead this great peaceful people into the most terrible and destructive of all wars . . . but the right is more precious than peace."[1]

The Coast Guard took her place in the Department of the Navy for the duration of World War I. Expansion again was great, and new areas of operations developed. Lifeboat stations became heavily involved in the war as submarine warfare continued to devastate shipping along our coasts. A major explosion in the port of New York resulted in emergency implementation of the new Coast Guard responsibility, port security. This phase of the service's war responsibility has developed into one of the most important of the Coast Guard's peacetime, as well as wartime, duties.

The Coast Guard looked now to the skies and began to develop use of the airplane. World War I proved to the world that aircraft were the way to the future and their versatility

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[1] Bloomfield, Compact History, pp. 129-130.

and usefulness would prove to be a great benefit to the Coast Guard in years to come. Two Coast Guard officers were sent to the Navy's flight training facility at Pensacola, Florida, and one of these men was to be the co-pilot of the first plane to successfully cross the Atlantic.[1] The young pilot, First Lieutenant Elmer Stone, and his flight classmate became the nucleous of the Coast Guard's air arm, which has proven of emense value in the efforts to better the "safety of life and property at sea." In 1920 the first Coast Guard Air Station became a reality, but political conditions would overshadow the event to all. On January 17, 1920, the Volstead Act, also known as the National Prohibition Act of 1920, was ratified and the United States became legally "dry". Treasury was given the responsibility of enforcing the new law, and the Coast Guard was directed by the Secretary to implement the regulation on the high seas. The men of the service were placed in the position of enforcing a law which millions of Americans detested. The single benefit to the service was the addition of more than 350 new vessels to the inventory of cutters. The greatest number of these ships and boats were

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[1] Captain Walter C. Capron, USCG (Ret.), The U.S. Coast Guard (New York: Franklin Watts, Inc., 1965), pp. 76-77.

primarily for the prevention of smuggling, which again was flourishing along our coasts.

The men of the Coast Guard maintained an efficient and military approach to their duty throughout the era of prohibition. Many times the crews of cutters were to be frustrated by the courts who made a mockery of the law and released individuals for no apparent reason or for reasons which did not fit the evidence placed before them. Although the Act was repealed in 1933, the smuggling activities continued for many years. The Coast Guard and Treasury were to work without a break for nearly five more years to overcome the smuggling of alcohol in the attempt to avoid the new taxes. Because of the depression in the economy, and the fact that many members of Congress reacted to atone for past actions in a harsh and sometimes spiteful manner, the Coast Guard's budget for 1934 was severely cut. The service was again in a period of decline as the world picture was peaceful, the economy tight, and little support for new activities could be found at home.[1]

Concurrent with the early development in the Revenue-Marine Service, the Lighthouse Service was established. In 1792 the first lighthouse operated by the federal government

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[1] Ibid., p. 109.

was erected at Cape Henry on the entrance to the Chesapeake Bay. Early lighthouses had been established in many harbor areas along the coast, the oldest of which was on Great Brewster Island in Boston harbor, built in 1716. Because of the increasing emphasis on commerce and trade, the Congress acted to establish a standard system of lights and on Agusut 7, 1789, an Act was passed which required the Treasury to establish just such a system.[1]

Initially it was anticipated that charges would be levied against the users of the various ports based on the tonnage of the vessels involved in trade through the port and the number of passages experienced. This was felt to be a fair approach to financing the project and one which would result in the least imposition on the general taxpayer. Such was not to be the case. Collection of the fee was virtually impossible, and much uproar was heard along the coastline with claims of unfair charge rates. The federal government decided that the charges levied for the use of lighthouse services were unenforceable and the fees were dropped. Aid to navigation furnished by this country have thus been free of charge to the users for nearly two hundred years.[2]

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[1] Evans, Definitive History, p. 5.

[2] Bloomfield, Compact History, pp. 155-165.

The Lighthouse Service continued in the development of aid to navigation systems, including fog horns, bells, gas lights, electric lights, radio beacon systems, buoy systems, and light ships. This service was to continue until 1939 when President Roosevelt, with Congress' concurrence, decreed that the Lighthouse Service was to become an integral part of the United States Coast Guard.[1]

In November 1941, President Roosevelt moved the Coast Guard under the jurisdiction of the Navy. The shift was not unanticipated, as war was beginning to evolve into major crises in both the Atlantic and Pacific. Prior to this, the Coast Guard had been directed to implement the Espionage Act of 1917 and to re-establish port security functions. In March 1941 the Secretary of the Treasury ordered that all German and Italian ships be placed in "protective custody". Two days later all Danish vessels were ordered into the same status. The seizure of vessels in American ports brought the fear of war closer to home than ever before and the country was beginning to mobilize. Following the attack on Pearl Harbor, the United States declared war against Japan on December 8, 1941. Three

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[1] Ibid., p. 155.

days later the declaration of war was made against the Axis powers of Germany and Italy. World War II was now a reality.[1]

The Second World War was to see the Coast Guard reach the largest size in its history. During the hostilities, men of the Coast Guard manned 802 cutters of sixty-five feet or over, and 639 major vessels of the Navy and Army. Twenty-eight of these vessels were lost in action, as were 1,878 men. The losses incurred by the Coast Guard were primarily the result of the high risk activities to which it was assigned. Escort duty in the North Atlantic and anti-submarine activity world wide took their toll. Manning of transports and cargo ships and various support vessels for invasion fleets were also high in risk, as these were prime targets for enemy submarines. The greatest of risks was the operation of the landing craft used in every amphibious action of the war. The men in these little craft were placed in the greatest jeopardy of all as they were critical to the landing of troops and enemy gunners made speical attempts to wreck the boats in the surf, thus causing loss of not only the boat but also its cargo of combat troops.[2]

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[1] Ibid., p. 148.

[2] Ibid., pp. 167-269.

Early in the war another area was assigned to the Coast Guard for responsibility. The age of steam had become a reality by the end of 1837, but the new improvements in propulsion were coupled with dangers such as fire and explosion. To protect lives and insure the safety of passengers and crew, the Steamboat Inspection Service of the Bureau of Navigation was established in the Department of the Treasury, by the Act of July 7, 1838. This new function of the government was responsible for "better securing of the lives on board vessels propelled in whole or in part by steam."[1] Inspection rules were developed and standards set which were enforced for strictest compliance. As the nineteenth century drew to a close the licensing of vessels was joined by new requirements which stated that marine engineers, deck officers, lifeboatmen, and able-bodied seamen be examined and licensed. The Steamboat Inspection Service was placed in the Coast Guard temporarily as a result of the war effort. The close of the second World War saw the functions of the Steamboat Inspectors become a permanent part of the Coast Guard's mission.[2]

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[1] _Ibid._, p. 263.

[2] _Ibid._, pp. 263-265.

In addition to efforts directly related to the combat role played by the service and the new duties of port security and marine safety, the Coast Guard was developing modern systems of navigation. A new electronic system was advanced during the war which enhanced accurate navigation over great distances. LORAN, (LOng Range Aid to Navigation) was developed by Coast Guard engineers to facilitate the navigation of huge fleets of ships across the Pacific under all weather conditions. LORAN has now developed into a highly complex electronic system with modern improvements being added each year. Today's LORAN systems, both old and new types, cover most of the Northern Hemisphere. The manning of these stations is often more difficult to face than combat, because men are confronted with a new enemy, loneliness. Nearly all of the Coast Guard's LORAN stations are isolated, with no families allowed. Modern methods of communications, automation, improved reliability of aircraft support under marginal weather conditions, and a better understanding of the problems faced by the men assigned to these stations have done much to make life in the remote reaches of the world a little more bearable. Today, LORAN stations are located in all parts of the Northern Hemisphere from the Artic to the Equator, in

the Atlantic, Pacific, and Mediterranian Oceans.[1]

As World War II was drawing to a close, a new type of aircraft was just coming of age. The helicopter was first used in a distress assistance situation in 1944. Now rotary wing aircraft are commonplace throughout the service and many of the newest cutters are equipped with platforms specially designed to enable them to make use of "choppers" for search and rescue operations. New equipment and several new areas of responsibility were of little comfort to the members of the Coast Guard when in 1946 the service returned to the Treasury and the postwar step-down reduced the strength to 19,000 men with missions requiring numbers between 25,000 and 30,000. Many ships were laid up in port because of the lack of crews, shore stations and lifeboat stations were undermanned, and the logistics effort for the overseas units was nearly non-existant.[2]

As was previously noted, the President made Inspection of Marine Officers and Vessels a permanent part of the Coast Guard's responsibility after the close of the war. In

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[1] The author was Commanding Officer of a LORAN station in the Aleutian Islands and has firsthand knowledge of the difficulty of maintaining morale and efficiency on an isolated unit.

[2] Capron, Coast Guard, pp. 170-172.

addition, international air travel was coming into its own and a new duty was given to the cutters. The Weather Patrol, or Ocean Station Program, had started during the war but little of it was known to the civilian community. Following the war, and in a period of new growth, the program became widely known because of the information made available by it to transoceanic flights. Ships on station in the Atlantic and Pacific in the major air and sea traffic lanes provided navigational information, weather data, communications facilities and relays, and search and rescue platforms. Since their inception, the Ocean Stations have played a vital role in the safety of persons crossing the ocean, on the surface as well as in the air. Hundreds of lives have been saved through the successful ditching, forced landing of an aircraft at sea, as well as uncountable value of property and persons that have been saved from marine disaster. Implementation of the Ocean Stations benefited the Coast Guard in that it brought new life to the service and again focused attention of the Congress on this small but effective organization. Congress, in establishing the Ocean Station Program, began a period of expansion for the

service which has existed and is continuing through today.[1]

The Korean conflict brought a new aspect to the operations of the Coast Guard. Although not directly involved in the fighting, the Coast Guard was called upon to give support to the activities of the United States and the United Nations. Primarily the support was in aids to navigation, but increased weather patrols provided enroute services and assistance to aircraft. Because of the limited operations of the Coast Guard in Korea, there was no move to transfer control of the Service into the Navy Department. Only those units directly involved in operations were placed under Navy control.[2]

As the decade of the fifties came to a close, the Coast Guard was to make use of yet another vital and significant tool in its efforts to better insure the "safety of life and property at sea." AMVER, (Automated, originally Atlantic, Merchant VEssel Reporting system) is an application of the data processing capability of a computer. All participating ships make reports to AMVER, giving their destination, course, speed, medical facilities, and updated

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[1] *Ibid.*, pp. 175-177

[2] Bloomfield, *Compact History*, pp. 277-278.

positions. The computer has been programmed to maintain current positions for all ships in the system and report them when a SURPIC, or surface picture or presentation, is requested. A SURPIC might be requested by a merchant vessel with an injured man aboard who requires immediate medical attention. Information is obtained from the computer which gives all vessels within 100, 200, 300 or so on miles of the ship in need of assistance. Information shown includes destination, medical facilities, doctors, course, speed, and position. The appropriate information is relayed to the vessel requesting assistance and to the Ocean Station vessel in the area. Broadcasts of the need are made by radio-telephone to all ships. Those in the area are made aware of the need and generally respond quickly as the unwritten law of the sea requires that a mariner help his fellows in distress.[1]

In 1961 another duty was added to the Coast Guard's mission. The Congress of the United States included the service as a part of the national oceanographic effort. New ocean research projects have been undertaken, and oceanography is now a major mission of the service. New ships and planes were now a reality and older ships were

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[1] Ibid., pp. 273-277.

gradually being replaced with modern, sophisticated cutters with capabilities undreamed of only twenty years before. Power plants that make use of diesel engines in combination with gas turbine engines for added versatility and speed are being used in many of the service's newest and largest cutters. Major ships now carry platforms to facilitate the use of helicopters for search and rescue operations. Jet powered helicopters and aircraft are used for long-range as well as coastal rescue efforts. The Coast Guard in the early and mid-sixties was truly becoming a modern organization.

In 1965 the Coast Guard was asked by President Johnson to aid in the efforts to support the government of South Viet Nam. The duties of the cutters assigned to Southeast Asia included the interception of contraband materials being smuggled from North Viet Nam. In addition, these vessels acted to support American ground forces in the coastal areas. LORAN stations were also established to provide improved navigation for air and naval forces.

Transition and Continued Modernization, 1966-1972

In October 1966 the long and close association of the Coast Guard and the Treasury came to an end when President Johnson received authority from Congress to establish the Department of Transportation. In leaving the Department of

Treasury the Coast Guard became one of the major agencies in the new department, a department made up of all the nation's transportation related activities.

It would be inaccurate to say that transition to the new department was without some misgivings. Many career personnel felt that the move spelled the end of the service and that a long and proud history of service was coming to a close. Questions were raised in many sectors as to how the Coast Guard would function and what its role would be in "DOT". Internal changes in the structure of the Coast Guard were minimal and, with the exception of a change in letterhead, the shift was relatively uneventful. The service was involved in full-scale modernization and new ideas for units, both sea and air, were being implemented at a frantic pace. The ocean, the environment, weather, and safety were all getting much attention from the public and press of America. New duties were added and old responsibilities strengthened. The Coast Guard, long responsible under the law, now receives full support in the fight against pollution of the high seas as well as the navigable waters of the nation. Oceanographic studies are conducted all over the globe by Coast Guard ships, and new and better systems of navigational aids are continually being developed. The Coast Guard entered the

nuclear age with an experimental buoy and a lighthouse powered by atomic radiation. High speed small boats, cushion effect craft, and amphibious vehicles that can race along roads to the site of a distress at speeds of 50 miles per hour, make rescue facilities more capable to respond to distress calls and reduce the need for stations in close proximity to each other.

The largest ships ever built for the Coast Guard, the 378-foot long HAMILTON class cutters are now in service and more are being built. New jobs, new equipment, and better trained personnel are and will continue to make the Coast Guard a vital part and important sector of the government. Neither President Washington or Secretary of the Treasury Hamilton could have dreamed that the Coast Guard of today would evolve from the Revenue-Marine of 1790. Today the Coast Guard consists of 4,000 officers and 35,000 enlisted men, supported by thousands of civilian employees. Modern equipment and the use of the latest techniques for management and control make the operation of the Coast Guard efficient and effective. Today, as in the days of Alexander Hamilton, care is taken to insure that the operation of the service is done with "the strictest of economies."

The following two diagrams give the current organizational and area structure of the Coast Guard. The first of these shows the top-level organization of the service. Each of the Area and District units consists of an organization which parallels that of headquarters with minor exceptions. The second exhibit is a geographical presentation of the arrangement of the District and Area responsibilities. Area commanders are operational coordinators whose activities include the overseeing of programs and projects which cross district boundarys and are operational in nature. Search and Rescue operations exemplify inter-district cooperation requiring broad area control crossing boundaries between two or more districts.[1]

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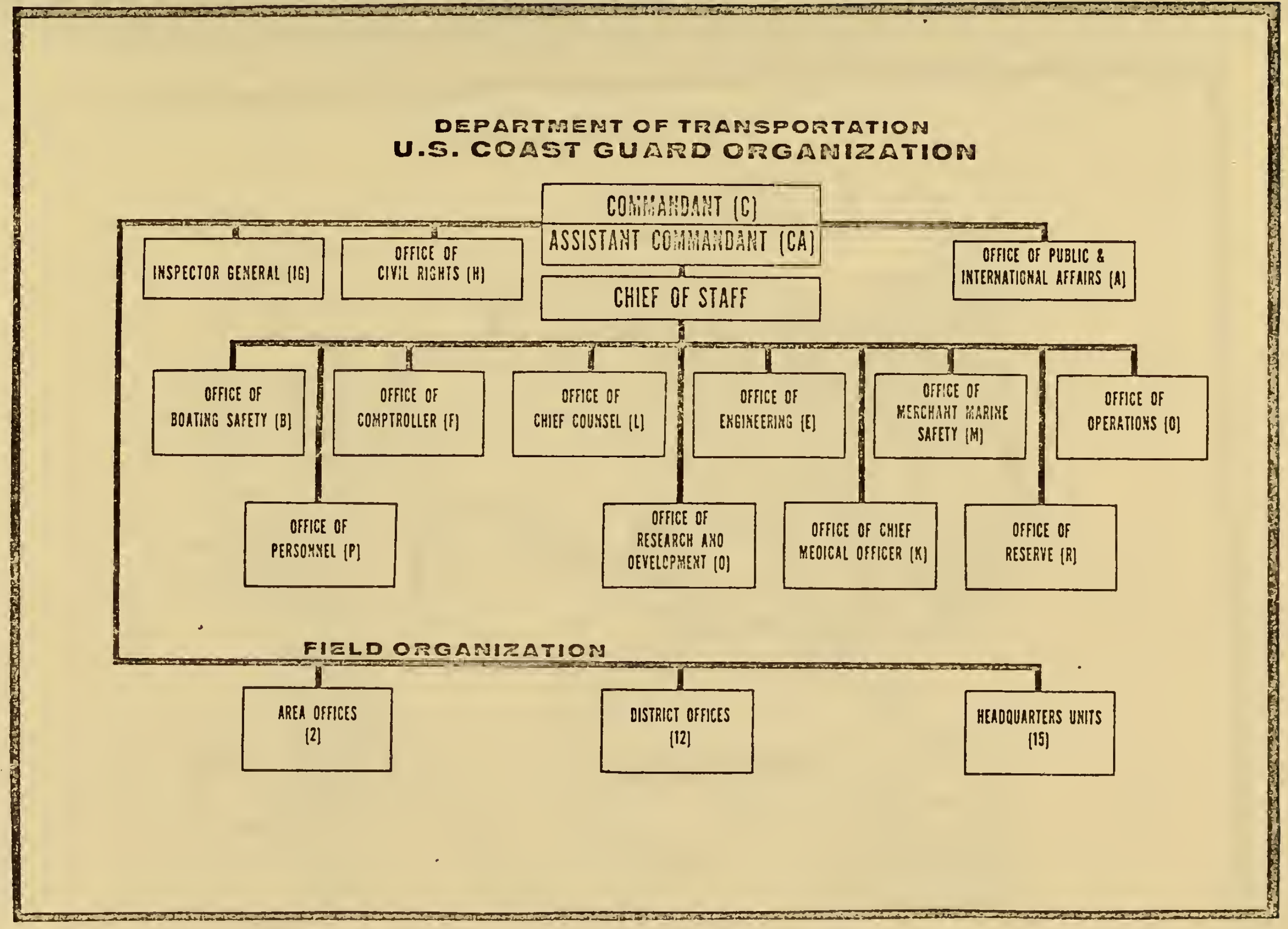
[1] As an example: The Steamship SS Bananaboat, enroute from Panama to Boston, encounters heavy seas off the coast of New Jersey. During the storm the ship founders. Shortly before abandoning the vessel, an SOS is sent and received by the Coast Guard radio station in Marshfield, Massachusetts. Since the distressed vessel is located in Third Coast Guard District waters, the information is immediately transmitted to the Rescue Coordination Center in New York. The duty officer in New York determines that insufficient units are available locally for this rescue and, through the AMVER facilities, coordinates with duty officers in the First and Fifth Coast Guard Districts to make additional units available. Ships and planes from New England and Mid-Atlantic coastal waters join the units from New York in search and rescue operations. Under normal operational lines of authority inter-district coordination of effort is not possible, but because of the Area command structure a single point of control is available. During the joint venture units remain administratively attached to their home districts, but are under operational control of the Area Commander.

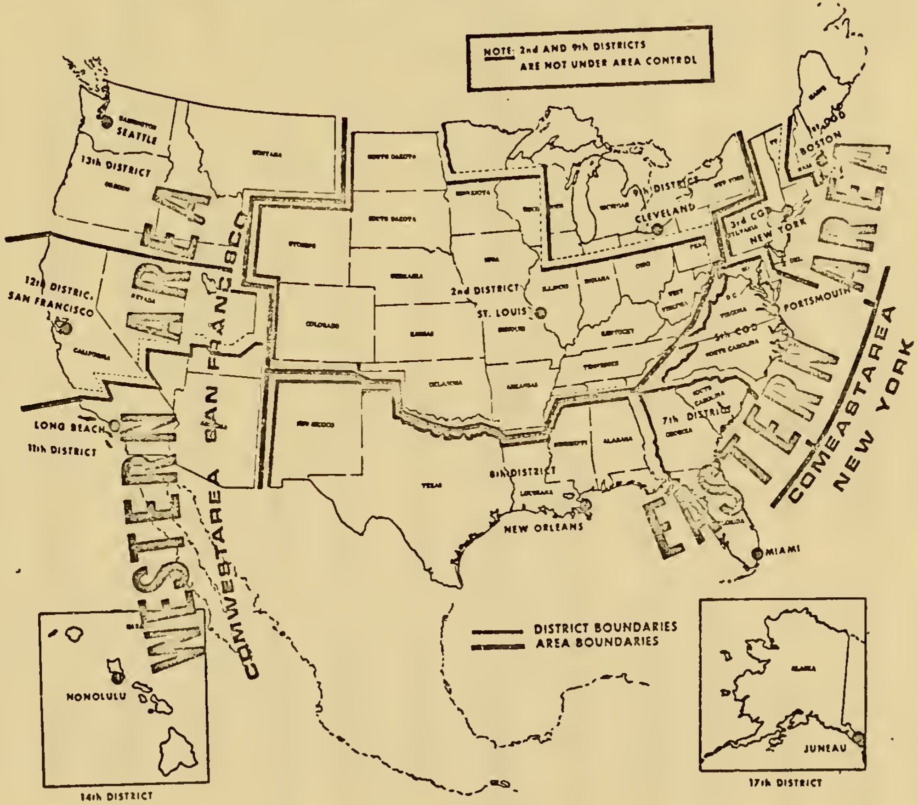
CHART II-1


DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD ORGANIZATION
COMMANDANT (C)
ASSISTANT COMMANDANT (CA)
INSPECTOR GENERAL (IG)
OFFICE OF CIVIL RIGHTS (H)
OFFICE OF PUBLIC & INTERNATIONAL AFFAIRS (A)
CHIEF OF STAFF
OFFICE OF BOATING SAFETY (B)
OFFICE OF COMPTROLLER (F)
OFFICE OF CHIEF COUNSEL (L)
OFFICE OF ENGINEERING (E)
OFFICE OF MERCHANT MARINE SAFETY (M)
OFFICE OF OPERATIONS (O)
OFFICE OF PERSONNEL (P)
OFFICE OF RESEARCH AND DEVELOPMENT (D)
OFFICE OF CHIEF MEDICAL OFFICER (K)
OFFICE OF RESERVE (R)
FIELD ORGANIZATION
AREA OFFICES (2)
DISTRICT OFFICES (12)
HEADQUARTERS UNITS (15)

Derived from: U.S. Department of Transportation, Directory: January 1971 (Washington: U.S. Government Printing Office), p. 94.

CHART II-2

U.S. COAST GUARD DISTRICTS



Derived from: U.S. Department of Transportation, Directory: January 1971 (Washington: U.S. Government Printing Office), p. 185.

CHAPTER III

FINANCIAL MANAGEMENT

Just what is meant by the term "financial management" and how it applies to the administration of various government programs is the focal point of this particular section. To better understand the criteria against which the Coast Guard, or any other public agency programs will be weighed, a comprehensive description of financial management will be developed. The description will include a broad definition of the term and a review of the techniques used by the financial manager in the performance of his job. This section will end with a look at the development of financial management within the Coast Guard.

The description of financial management which will be developed will be applicable generally to a business in the private sector of the economy. By relating "taxpayer" to "owner", and "agency" or "department" to "business" or "firm", it should be apparent that the concepts are valid in both public and private organizations. Some needed modification of goals, functions or techniques of finance will be evident when discussing the differences between public and private sectors and no discrimination will be made regarding them in future discussions.

This approach will not be carried over into the less clearly defined areas where the differences will be discussed more fully.

Financial management is generally recognized as the application of various techniques and skills in the manipulation, use, and control of funds or other fiscal resources. Edward J. Mock and others have indicated that the skills involved are generally divided into two main, functional categories: "the evaluation of alternative uses for funds and the procurement of funds."[1] Ezra Solomon indicated that the true meaning of financial management falls between the concept that "finance is concerned with everything that takes place in the conduct of business", and the idea that "financial management is concerned with raising and administering funds used in an enterprise."[2] He goes on to state that a third view places management in an integral role in the overall management rather than a staff functionary position dealing only with funds, their sources and uses. Later in his book Solomon develops what he calls the "new" approach to the definition of financial management. He indicates

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[1] Edward J. Mock, R. E. Schultz, E. G. Shultz, and Donald Hart Shuckett, Basic Financial Management (Scranton, Penna.: The International Textbook Co., 1968), p. 1.

[2] Ezra Solomon, The Theory of Financial Management (New York: Columbia University Press, 1963), p. 3.

that this approach includes the acquisition of funds and the use of financial resources as well as how the financial manager should make decisions or judgements. To arrive at a solid definition of financial management there are certain prerequisites which must be satisfied. Among these are the establishment of explicit goals, a systematic and sound basis for attaining funds and using those funds in such a manner as to arrive at the organizationally established financial objectives or goals, and an approach to the decision making process which is adequate and meets the needs of the organization.[1]

Many authors have said that the financial manager is the individual who performs a translation function. These men, including Mock and Solomon, indicate that this translatory function is merely the restating of an organization's long-range goals, plans, and objectives in fiscal or monetary terms.

In reviewing the material available concerning the definition of financial management it becomes readily apparent that the concensus is to favor the concept of defining the term by stating the goals, functions, techniques, and methods which pertain to it. The goals of financial management can best be stated as maintaining the owners' control, minimizing risks,

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[1] _Ibid._ pp. 4 - 9.

maximizing present value of the firm, and achieve and maintain an acceptable degree of financial flexibility. The functional categories of financial management can be listed as planning, evaluation, the sources of capital, and asset management. The methods and techniques are best described by the use of either models or in-depth descriptions. Since this paper is not designed, nor intended, to act as a text in financial technology only a brief treatment will be given to the applicable tools.

Techniques and Methods

To facilitate clarity and ease of understanding this portion of the paper will be divided into the functional categories previously mentioned. The applications of each method or approach will be stated as they relate to the private firm and annotated as appropriate for the government agency or department. This annotated listing will begin with planning and conclude with a treatment of asset management. Following this segement of Chapter III will be the development of the financial management program within the Coast Guard.

Planning

This category is generally considered as a combination of the activities of planning and budgeting, and the various elements

which make them up.

Forecasting is the beginning of the planning process. It includes all of the tools needed to look into the future operations of the firm. The four most common tools of the forecasting operation are the percent-of-sales method, simple linear regression or scatter diagrams, simple curvilinear regressions, and multiple regression.[1] In applying these to a public operation the sales concern is translated into some other measurement of output. This output could be as simply measured as counting the number of cases acted upon and using this as the "sales" figure or as difficult as determining the strategic force capabilities of the armed forces.

The planning phase of an operation uses the forecasts to determine the objectives or goals the organization will strive for in the future. These goals become part of the long range plan which is further subdivided into smaller increments called budgets. The budget is merely the tool used by the financial manager for short term planning and control. It is the method used to improve the operation of the organization and is continuous in nature in that it is continually updated to reflect changes in the operating atmosphere of the firm or industry.

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[1] J. Fred Weston and Eugene F. Brigham, Managerial Finance, 3rd Ed. (New York: Holt, Rinehart and Winston, 1969) pp. 98 - 112.

Budgets may be flexible or fixed in nature. A flexible budget, sometimes called a rolling budget, is continually updated to more adequately reflect the current situation. In general the government agency operates with only a fixed budget, as the congressional process needed for major updates or changes is so slow as to be rigid for all intents and purposes. In either case, the information derived from the forecast and budget becomes the basis for the pro forma balance sheets and income statements which will be used as measurement criteria in future time periods.

Budgets take on several different formats and a complete system of them should include, 1) a cash budget, 2) a materials purchases budget, 3) budgeted income statement, 4) production budget, 5) budgeted balance sheet, and 6) a capital expenditures budget. It is readily apparent that some form of each of these budget types exists in both government and private organizations.[1]

In conclusion, the financial manager makes use of forecasting to derive a realistic idea of what the future holds. With this picture in view he can express the organization's long range plans, which must include attainable goals and

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[1] Ibid., pp. 131-142.

objectives. This long range planning output is subdivided into short range plans which are expressed in the form of various budgets. Using the information derived to get the budgets, the financial manager can make pro forma reports which will provide the necessary control instruments and criteria for measuring success.

Evaluation

As used here, evaluation deals with the decision-making process aids which are applied to the various alternative choices open for capital investments. Some authors have used this term to describe the measurement of success or failure, but for the purposes of this paper success or failure is a control function. Four basic approaches to deciding between alternatives are payback, net present value, internal rate of return, and benefit/cost ratio.[1] None of the items just listed can be universally applied. For the most part all government programs have returns that are stated in other than dollar values. Many times the returns are stated in such a manner that quantification of them is impossible. Because of the difficulties encountered in measuring the output for a

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[1] Ibid., pp. 178-187.

government operation, a modification of the benefit/cost ratio called benefit/cost analysis has been developed.

In a benefit/cost analysis the inputs or "costs" are all stated in common terms, generally dollars, for all alternative projects. The outputs or "benefits" are measured in some standard way which gives a comparative listing of all benefits. Each alternative under consideration is subjected to a risk and uncertainty correction, and some manner of discounting common to all is applied over the expected life of the program.

Understanding the principles of ranking investments is critical for the financial manager. Without good decisions between alternatives there can be no "management". Organizational goals cannot be attained on a "hit or miss" basis.

Capital Sources

The agency level financial manager has not been too concerned with the source of funds. If he did some preparation and a presentable budget was derived Congress would appropriate funds and operations would continue. Congress no longer approves budgets based on "window dressing". Great pressures from the public are forcing the Congressional Committees to take longer and harder looks at each agency's budget. To insure the maximization of budget passage, agencies would shift their discount rates down in order to achieve the best looking

package. Recent moves to institute a federal finance banking operation where agency heads will be given discount rates based on economic and political considerations are underway.

With a more realistic application of discount rates the Congress will be able to make more effective and efficient appropriations. In addition, many agencies would be able to operate in bond or stock markets as alternative means of raising needed capital. Generally, the concept of the Federal Financing Bank is to establish discount rates, act as a source of capital, and improve efficiency of government.

Asset Management

This category consists of the management of current and fixed assets. In government operations current assets include some form of cash or working capital and inventories of equipment or materials. Accounts receivables are not included since they do not exist as a general factor in government operations. All receivables usually are paid directly into the general treasury and not credited to the account of the agency involved.

Current asset management in the public sector is the manipulating of funds or other "liquid" resources in such a manner as to insure the maximization of efficiency and economy in the operation. Operating fund categories of money are the

most manageable of all appropriated monies. It is in this that effective management can have its greatest effect.

Establishment of some form of inventory control and management is possible in all organizations. The federal financial manager who can make use of an economic ordering system or other method of efficient inventory control can maximize the "value to the owners". Inventory classifications in government are basically the same as in industry and major equipments, structures, or facilities are considered fixed assets rather than general inventory items. As in industry, the inventory material is generally consumed in the operation.

Fixed Asset management within the government is subject to severe constraint imposed by the system of rules and regulations surrounding bureaucracy and the political environs in which it is located. In the private sector top management acquires, uses and disposes of fixed assets with relative freedom and in such a manner as to benefit the shareholder. In government this process requires action at many different levels, including agency, interagency, department, Executive or Cabinet level, and, finally, even Congress. Because of time requirements a manager in government must be able to look at needs for fixed assets far into the future. The Planning, Programming and Budgeting (PPB) approach to government

expenditures was an attempt to take longer looks at fixed asset acquisitions, uses, and disposals. Unfortunately, while many operations were discontinued as a result of PPB analysis, the assets were retained and continue to burden the agencies with maintenance or upkeep costs. Congressional review of these costs have done little to correct the situation and no action to place fixed assets, particularly land and buildings, in some form of central holding activity which would clear agency accounts.[1]

Summary

All of the functional categories just discussed are necessary in both business and government organizations. A financial manager in any agency of the government is confronted with severe restrictions on his activity which are imposed by law, regulation or political pressures. These constraints emphasize the need for an indepth and thorough financial management program. Because of financial or fiscal limitations the government manager is required to be much more effective in his decision-making efforts when considering alternatives.

All of the structure of financial management must be coordinated. The binding agent is the system of reports and

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[1] Rear Admiral William M. Harnish, Deputy Comptroller, U.S. Navy, lecture to Navy Postgraduate Financial Management Program, The George Washington University, Washington, D. C., November 29, 1971.

accounts established to give the manager the information needed. It suffices to say that inadequate records, reports, accounts, or other data results must therefore be aware of the need for accurate and complete information. To succeed in the four major function categories he must be familiar with the accounting and information systems available to him.

Coast Guard Financial Management

In the very early years of the Coast Guard there was no formal effort to make use of "financial management." At the time Secretary of the Treasury Hamilton called for strict economy and efficiency but no organizational structure was established for that purpose.[1] Since each cutter was assigned under a local customs office no need for standard accounts or management was felt justified or needed.

It was not until the middle of the 1840's, some fifty-five years after the founding of the Revenue-Cutter Service, that a central organization was established. Then Secretary of the Treasury Spencer elevated the service to a Bureau and named Captain Alexander V. Fraser as first Bureau Chief. To better control the activities of the Bureau, Captain Fraser

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[1] Bloomfield, Compact History, pp. 6-8.

established six main branches, including accounting, at the "headquarters level". This new accounting office was responsible only for maintaining the records of expenditures and had no financial decision capability vested in it. Even the formulation of budgeting requirements as well as the budget presentation itself were not done within the accounting division but accomplished in the offices of the engineer.[1]

For the next one hundred years this format of organization was to be retained and more defined boundaries were to evolve which segregated the role of the accounting section from the planning and budgeting operation of the engineering staff. World War II brought the financial area into a more favorable position as the growth of the Coast Guard made the financial side of the operation much more important. During the war years the Office of the Comptroller was given a greater share of the management of resources and the advice of financially oriented personnel was now more readily accepted. The major financial decision authority and budget policy-making remained with the engineers but now the preparation of budgets was made in the Comptroller's Office.[2]

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[1] Ibid., pp. 39-45.

[2] Capron, Coast Guard, pp. 169-173.

Throughout the business sector of the economy a growing awareness of the need for financial management has developed since 1950. This private support for finance caused a change in attitudes in the public sector. The Coast Guard began to take advantage of the various schools of business and finance and trained personnel in the field of finance were being given greater authority in decision-making.

In recent years it began to be evident that the financial management structure of the Coast Guard left something to be desired. Personnel who should be managing programs and projects were inundated with paperwork and the decision processes began to suffer. As will be shown in the following chapters, major changes in the financial structure of the Coast Guard were undertaken. The first of these was the implementation of Subhead Thirty. The objectives of this new management program were to reduce the workload of the engineering program manager, increase efficiency and effectiveness of the decision process in budgeting and fund management, and a streamlining of account structures with greater levels of local control.

This first step was directed at operating fund areas and levels; future steps will involve other areas of Coast Guard finance. The remainder of this paper will deal solely with the first step.

CHAPTER IV

AN INTRODUCTION TO SUBHEAD THIRTY

This is perhaps the most important section of the entire paper, since it is in this chapter that the reader will become acquainted with the program developed and implemented by the United States Coast Guard. This program of financial management has now been in full use for slightly less than two full years. Subsequent chapters will deal with a survey of the Coast Guard's field Comptrollers and a discussion of the shortcomings as annotated by recommendations for improvements. While some comments may be made concerning the theory and operation of the program, these will be for amplification purposes only, and final conclusions and recommendations will be deferred until the last chapter of the paper.

The General Accounting Office Report

During calendar year 1968, the Comptroller General of the United States made a report to the Secretary of Transportation in which several minor but significant discrepancies in the financial management, and related accounting activities, of the

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[illegible]

[illegible]

[illegible]

United States Coast Guard. The three most important points made by the General Accounting Office in its report may be abstracted as:

1. The Coast Guard should implement a system of cost-based budgets for its internal operating budgets.
2. The service should make more effective use of its available cost-data in the management of allocated resources.
3. The over-control of sub-allotment accounts and administrative accounts be eliminated in the interest of efficiency in the operation of the Coast Guard.[1]

In response to the report, and on request of the Secretary of Transportation, an ad hoc study was established to develop the Coast Guard's reply and make recommendations concerning the necessary changes in the service's management areas to insure that the intent of the Comptroller General's report was fully realized. In addition to producing the response to the General Accounting Office report, the study group was asked to establish a timetable for the institution of the programs which they felt justified. The committee saw several areas of potential

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[1] U. S. General Accounting Office, Report No. B-115336, _Need for Improvements in the Financial Management of the U. S. Coast Guard_. (Washington, D.C.: U. S. Government Printing Office, 1968).

improvement needed in the management of the Coast Guard's resources. These included such things as the reduction of the administrative workload on field engineers whose time could be better spent in the field "managing" their programs, and an increase in the discretionary power and authority granted to the officers in command of the various ships and stations in regard to the decision process which delt with the resources allocated for the normal operations of that ship. In addition, the study group saw a need to stimulate and improve the role of the local program manager in the management of resources and the establishment of operating budgets. All three of these areas had a major impact on the evolution of the subhead thirty program.

The vehicle selected by the study group was initially entitled, "Financial Management and Accounting System Changes Programmed for Fiscal Year 1971", and a target date for full implementation of the system was set at July 1, 1970, the first day of the new Fiscal Year. Officially, comptrollers in the field were made aware of the change by a notice from the Commandant of the Coast Guard, which was dated May 27, 1970. The notice originated in the offices of the Comptroller of the Coast Guard and stated that:

> The General Accounting Office has recommended that the Coast Guard establish internal cost-based operating budgets for use in the financial management of its

> programs; that such budgets be complimented by a more refined cost accounting system which provides more meaningful classification of costs based on resource consumption and cost applied; and that the Coast Guard place more emphasis on the establishment of accounting control over non-expendable plant property. The Commandant has established a Fiscal Year 1971 target date for implementing an internal cost-based operating budget system and for adoption of improvements and refinements in the Coast Guard cost accounting system and cost classification.[1]

In addition, the notice went on to point out that the goals the service hoped to attain through this new program included the reduction of the number of sub-allotment accounts administered by each unit, and a reduction of the workload of an administrative nature which was placed upon engineering program managers. Further, the increased role of the program manager in fund management and budgeting was stressed.[2]

Less than a month and a half remained until the full implementation of the program was to take place. Field comptrollers were caught somewhat flat-footed by the notice, although many of them were working on the implementation phase as a result of copies which were sent to them prior to release date by the office of the Comptroller. The initial instruction was

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[1] U. S. Department of Transportation, Coast Guard, Commandant Notice 7132, Financial Management and Accounting System Changes Programmed for Fiscal Year 1971; advance notice of, May 27, 1970.

[2] Ibid.

fraught with insufficient definitions and "comptroller mumbo-jumbo", as was pointed out by several people interviewed in regard to this paper.[1] As will be discussed later, the timing of the notice had a great effect on the adaptation of the program. General personal attitudes and prejudices would apply pressures which could have a negative impact on the success of the project. Many felt that too early notification would result in these personalities grouping for a combined effort to destroy the program on the ground. The people most feared in regard to this undermining effort were those who had engineered a small power-based empire. These men might try to destroy the project to protect their own self-interests. In addition, the notification had to be early enough to allow the field Comptrollers to derive the necessary paperwork and take some steps to insure that the people who had to make the system work were sufficiently aware of the requirements of it. It was decided that the time for notification should be about mid-May, and that this would present the best balance between the possible alternatives in regard to the timing decision.

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[1] "Computer mumbo-jumbo" as used here denotes the tendency of people in the comptroller field to use excessive wordage and technical terms in defining relatively simple operations.

Implementation of the Program

The Commandant's Notice went on to amplify the implementation steps to be accomplished and the sequence to be followed in meeting that end. The first step toward implementation was the establishment of an improved series of object codes. The new object codes were to segregate the normal operating costs which were within the control of the Commanding Officer on a day-to-day basis, from those which were not routine or which required a technical review at a higher level than the command. Second, was the establishment of a common sub-head or account into which the normal operating funds would be placed. The next step in implementing the program was to be the development of cost targets for the administration of personnel programs. These targets were to have been developed by the headquarter's staff, particularly the office of the Comptroller. Finally, each field Comptroller, as the agent for his assigned district, was to aid in the development of operating and maintenance cost targets for each unit under Subhead Thirty.[1]

Table IV-1 is a visual presentation of the changes in object codes which occurred under this program. Under the old system all costs related to the maintenance of a ship were

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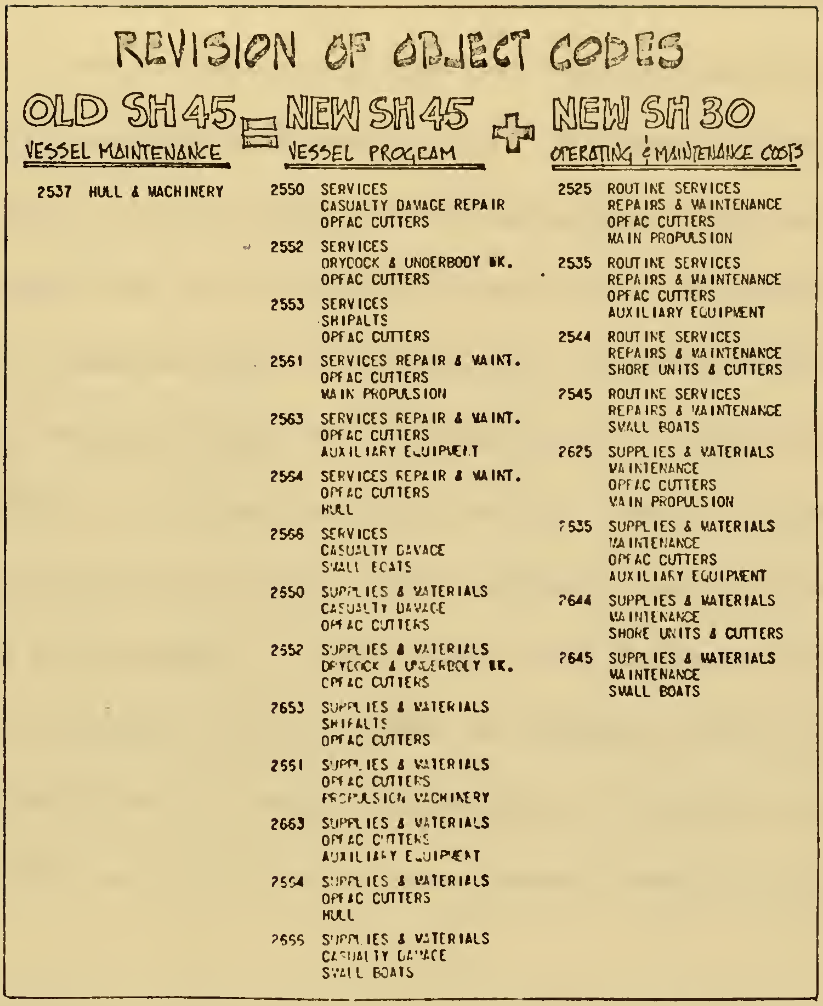
[1] Commandant Notice 7132, Financial Management.

TABLE IV-1



REVISION OF OBJECT CODES

OLD SH45 = NEW SH45 + NEW SH30

OLD SH45 VESSEL MAINTENANCE		NEW SH45 VESSEL PROGRAM		NEW SH30 OPERATING & MAINTENANCE COSTS	
2537	HULL & MACHINERY	2550	SERVICES CASUALTY DAMAGE REPAIR OPFAC CUTTERS	2525	ROUTINE SERVICES REPAIRS & MAINTENANCE OPFAC CUTTERS MAIN PROPULSION
		2552	SERVICES DRYDOCK & UNDERBODY WK. OPFAC CUTTERS	2535	ROUTINE SERVICES REPAIRS & MAINTENANCE OPFAC CUTTERS AUXILIARY EQUIPMENT
		2553	SERVICES SHIPALTS OPFAC CUTTERS	2544	ROUTINE SERVICES REPAIRS & MAINTENANCE SHORE UNITS & CUTTERS
		2561	SERVICES REPAIR & MAINT. OPFAC CUTTERS MAIN PROPULSION	2545	ROUTINE SERVICES REPAIRS & MAINTENANCE SMALL BOATS
		2563	SERVICES REPAIR & MAINT. OPFAC CUTTERS AUXILIARY EQUIPMENT	2625	SUPPLIES & MATERIALS MAINTENANCE OPFAC CUTTERS MAIN PROPULSION
		2564	SERVICES REPAIR & MAINT. OPFAC CUTTERS HULL	2535	SUPPLIES & MATERIALS MAINTENANCE OPFAC CUTTERS AUXILIARY EQUIPMENT
		2566	SERVICES CASUALTY DAMAGE SMALL BOATS	2644	SUPPLIES & MATERIALS MAINTENANCE SHORE UNITS & CUTTERS
		2550	SUPPLIES & MATERIALS CASUALTY DAMAGE OPFAC CUTTERS	2645	SUPPLIES & MATERIALS MAINTENANCE SMALL BOATS
		2552	SUPPLIES & MATERIALS DRYDOCK & UNDERBODY WK. OPFAC CUTTERS		
		2653	SUPPLIES & MATERIALS SHIPALTS OPFAC CUTTERS		
		2551	SUPPLIES & MATERIALS OPFAC CUTTERS PROPULSION MACHINERY		
		2663	SUPPLIES & MATERIALS OPFAC CUTTERS AUXILIARY EQUIPMENT		
		2554	SUPPLIES & MATERIALS OPFAC CUTTERS HULL		
		2555	SUPPLIES & MATERIALS CASUALTY DAMAGE SMALL BOATS		

Source: U.S. Department of Transportation, Coast Guard, An Introduction to Subhead Thirty, unpublished presentation by the Subhead Thirty Program Manager, First Coast Guard District Headquarters, Boston, Massachusetts, September 1970.

Note: This table shows the changes in accounting codes which were brought about with the advent of the Subhead Thirty concept. As can be seen, a much greater definition of expenditure is possible under the new system.

grouped under Subhead Forty-Five and assigned the object code 2537. In the new system there are two separate accounts, Subhead Thirty and Subhead Forty-Five. Subhead Forty-Five became the fund for the Vessel Program Manager and held the necessary resources for the administration of maintenance programs for vessels which are above and beyond the authority, ability and responsibility of the Commanding Officer and must be considered on an other than day-to-day basis. Object codes under the new system are much more defined than they were under the previous arrangement. These new, more definite and descriptive categories also appear in Subhead Thirty to describe the fund categories for which day-to-day or routine considerations are given and which fall into normal operating costs for each unit.

Subhead Forty-Five was not the only area which was to be affected by the Subhead Thirty implementation. Every subhead that had any contact with the funds allocated for the operations of a unit was affected. Funds were transferred from each of these subheads to Subhead Thirty, and object code reorganization similar to that described above was accomplished. Table IV-2 shows the before and after structure of the subheads found at the district level. Thus, it can be said that Subhead Thirty is a conglomeration of many allocation funds. Fulfillment of

TABLE IV-2

SUBHEAD REORGANIZATION

1970 SUBHEADS		1971 SUBHEADS	
○ 01	MILITARY PAY & ALLOWANCES	01	NO CHANGE
○ 08	CIVILIAN SALARIED PERSONNEL	08	NO CHANGE
20	TRAVEL & TRANSP. OF HOUSE HOLD GOODS	○ 20.	PERMANENT CHANGE OF STATION PROGRAM
26	FUEL FOR VESSELS & AIRCRAFT	--	DELETE
		○ 30	OPERATING AND MAINTENANCE COSTS
40	ADMINISTRATIVE EXPENSES	○ 40	ADMINISTRATIVE PROGRAMS
41	AIRCRAFT MAINTENANCE	○ 41	AIRCRAFT PROGRAM
42	ELECTRONIC MAINTENANCE	○ 42	ELECTRONIC INSTALLATIONS
43	STRUCTURE MAINTENANCE	○ 43	SHORE UNIT PROGRAM
45	VESSEL MAINTENANCE	○ 45	VESSEL PROGRAM
46	OCEAN ENGINEERING EQUIP. & SUPPORT	○ 46	OCEAN ENGINEERING PROGRAM
○ 54	AMMUNITION & SMALL ARMS	54	NO CHANGE
○ 55	RECREATION	55	NO CHANGE
○ 56	PERSONNEL TRAINING & PROCUREMENT	56	NO CHANGE
○ 57	MEDICAL SUPPLIES & EQUIPMENT	57	NO CHANGE
○ 60	TESTING & DEVELOPMENT	60	NO CHANGE
○ 80	REIMBURSEMENTS	80	NO CHANGE
○ 91	OTHER RESERVE TRAINING PROGRAM EXPENSE	91	NO CHANGE
○ 92	RESERVE INACDUTRA EXPENSE	92	NO CHANGE
○ 93	RESERVE ACDUTRA EXPENSE	93	NO CHANGE

Source: U.S. Department of Transportation, Coast Guard, An Introduction to Subhead Thirty, unpublished presentation by the Subhead Thirty Program Manager, First Coast Guard District Headquarters, Boston, Massachusetts, September 1970.

Note: A common subhead, Subhead Thirty - Operating and Maintenance Costs, is established to fund the ordinary normal and continuing operating and maintenance costs of each unit. The dots on the above chart indicate the subhead titles that are currently in use.

the common subhead step toward implementation was not as difficult as might have been envisioned, particularly in the districts with large concentrations of major units or commands.

The development of the personnel cost targets was completed by the staff at headquarters, but changes in the figures have been made necessary by the economy and at the writing of this paper a totally revised set of targets are being established. Use of the originally developed targets for administering the personnel programs is not hampering the program and the revisions are necessary only to improve the efficiency and effectiveness of the entire project.

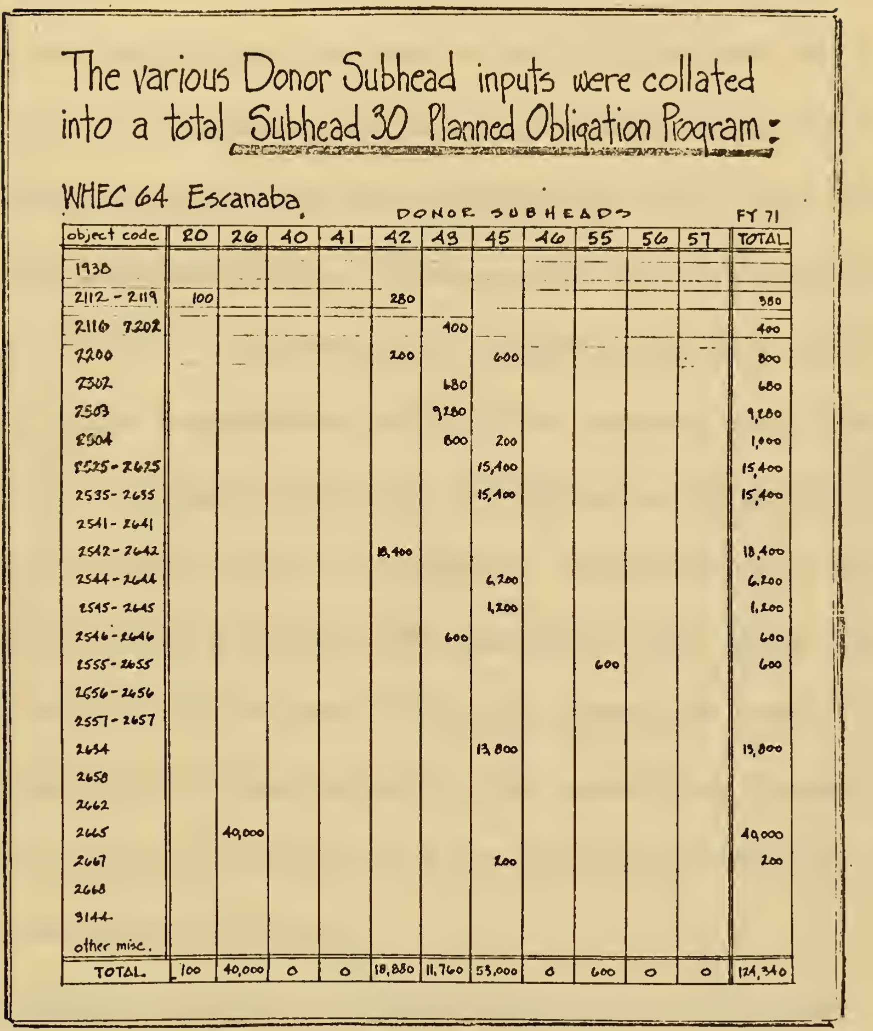
The final step was the establishment of the individual unit cost targets. For the most part, information of an historical nature was available to all field Comptrollers concerning the costs and resource utilizations needed for the operation of each command in any given district. The Subhead Managers under the old system had been maintaining records for many years to better equip themselves with the problems of budgeting for the various expenses incurred in the operation of the units under their jurisdiction. Subhead Thirty merely combined all of the historical data and resulted in the development of a reasonable transfer of funds from the old subhead to the subhead thirty accounts for each unit. An example

of the actual transfer of funds for the Cutter ESCANABA in the First Coast Guard District is given in Table IV-3. It was through this means that the total amount to be allotted to each unit was established.

It was in the final step toward implementation of the program that the most severe resistance was encountered. Subhead Managers and Administrators under the old system felt that they were losing some of the authority and power needed to effectively administer the programs for which they were responsible. Too little time was available to the District Commander or his Comptroller to adequately develop a complete information package to insure that all staff and line officers would agree to the change. In a few cases the shift of funds into the new program resulted from direct pressure being applied to the recalcitrant staff member by the highest level of command at the district. As the people became more aware of the fact that the administration of funds was not necessary to an effective program management, the resistance began to fade. Engineering and other Program Managers began to find that they were relieved of the heavy burden of administrative paperwork and could spend more of their time in the field supervising the actual operation of their program. The management of the programs assigned to the various key staff officers was

TABLE IV-3

FUND TRANSFERS INTO SUBHEAD THIRTY



The various Donor Subhead inputs were collated into a total Subhead 30 Planned Obligation Program:

WHEC 64 Escanaba

DONOR SUBHEADS FY 71

object code	20	26	40	41	42	43	45	46	55	56	57	TOTAL
1938												
2112 - 2119	100				280							380
2116 2202						400						400
2200					200		600					800
2302						680						680
2503						9280						9,280
2504						800	200					1,000
2525 - 2625							15,400					15,400
2535 - 2635							15,400					15,400
2541 - 2641												
2542 - 2642					18,400							18,400
2544 - 2644							6,200					6,200
2545 - 2645							1,200					1,200
2546 - 2646						600						600
2555 - 2655									600			600
2656 - 2456												
2557 - 2657												
2634							13,800					13,800
2658												
2662												
2665		40,000										40,000
2667							200					200
2668												
3144												
other misc.												
TOTAL	100	40,000	0	0	18,880	11,760	53,000	0	600	0	0	124,340

Source: U.S. Department of Transportation, Coast Guard, An Introduction to Subhead Thirty, unpublished presentation by the Subhead Thirty Program Manager, First Coast Guard District Headquarters, Boston, Massachusetts, September 1970.

Note: Based on historical data, each Subhead Manager of the Donor Subhead was to transfer his total yearly obligation from the old account into Subhead Thirty. This funded the new account and transferred financial authority without undue loss of time or efficiency.

beginning to improve and, although the funds were now in the hands of the Commanding Officer of the unit, the utilization of resources was beginning to take a more efficient and effective turn. To operate the program effectively new forms and reports were needed, and the Commandant gave each District Commander only the most basic guidance for developing and producing his forms. The reasoning behind this was two-fold: First, it kept the Commandant out of the central position of management in a program which was developed to stimulate management at a local level. Secondly, each district had individual problems and facets of operation that were unique to its area and units. This individuality required some differences in form or substance in the reporting procedure and the Commandant felt it better to allow these difference to be handled at the district level.

Administration and Operation of the Program

To best understand the operation of the entire program, it is most advantageous to look at the district level and unit level of operation. In addition, the approach will deal first with the structure of the administrators and follow it with the actual flow of information, such as budget, reports, and the like, through the system. Examples of typical reports and forms will be used to some extent as they aid in understanding the

[illegible]

[illegible]

[illegible]

[illegible]

uses for which they were developed.

Tables IV-4 and IV-5 are graphic examples of the structure with which the program was established. Primarily there are two levels of Program Manager: the Operations Program Manager and the Support Program Manager. Support Program Managers are responsible for the administration of funds not directly attributable to units in a normal operating sense. The Operating Program Manager is, on the other hand, responsible for the operation of the programs for which he is responsible. As can be seen from the charts, all but three of the Operations Program Managers fall under the auspices of the Chief of Operations (Chief, O) who is the District Program Manager or Director for all operations-related activity. The second of the two charts shows the breakdown of the structure in the First Coast Guard District down to and including the type unit situated under each Assistant District Program Manager's jurisdiction.[1]

Table IV-6 is included as an amendment to Table IV-5. This shows the actual breakdown of units by name in the First District as they are found within the program structure.

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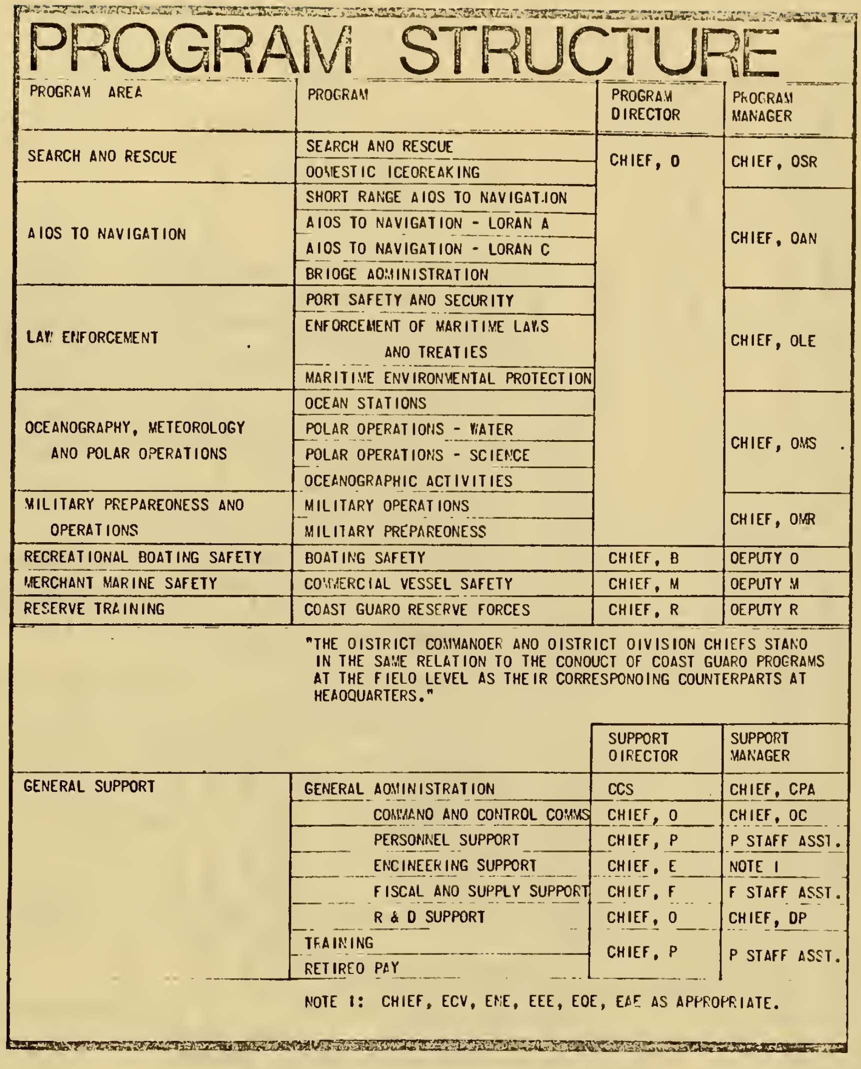
[1] U. S. Department of Transportation, Coast Guard, Planning and Programming Manual (CG-411).

TABLE IV-4



PROGRAM STRUCTURE

PROGRAM AREA	PROGRAM	PROGRAM DIRECTOR	PROGRAM MANAGER
SEARCH AND RESCUE	SEARCH AND RESCUE	CHIEF, O	CHIEF, OSR
	DOMESTIC ICEBREAKING		
AIDS TO NAVIGATION	SHORT RANGE AIDS TO NAVIGATION		CHIEF, OAN
	AIDS TO NAVIGATION - LORAN A		
	AIDS TO NAVIGATION - LORAN C		
	BRIDGE ADMINISTRATION		
LAW ENFORCEMENT	PORT SAFETY AND SECURITY		CHIEF, OLE
	ENFORCEMENT OF MARITIME LAWS AND TREATIES		
	MARITIME ENVIRONMENTAL PROTECTION		
OCEANOGRAPHY, METEOROLOGY AND POLAR OPERATIONS	OCEAN STATIONS		CHIEF, OMS
	POLAR OPERATIONS - WATER		
	POLAR OPERATIONS - SCIENCE		
	OCEANOGRAPHIC ACTIVITIES		
MILITARY PREPAREDNESS AND OPERATIONS	MILITARY OPERATIONS		CHIEF, OMR
	MILITARY PREPAREDNESS		
RECREATIONAL BOATING SAFETY	BOATING SAFETY	CHIEF, B	DEPUTY O
MERCHANT MARINE SAFETY	COMMERCIAL VESSEL SAFETY	CHIEF, M	DEPUTY M
RESERVE TRAINING	COAST GUARD RESERVE FORCES	CHIEF, R	DEPUTY R

"THE DISTRICT COMMANDER AND DISTRICT DIVISION CHIEFS STAND IN THE SAME RELATION TO THE CONDUCT OF COAST GUARD PROGRAMS AT THE FIELD LEVEL AS THEIR CORRESPONDING COUNTERPARTS AT HEADQUARTERS."

		SUPPORT DIRECTOR	SUPPORT MANAGER
GENERAL SUPPORT	GENERAL ADMINISTRATION	CCS	CHIEF, CPA
	COMMAND AND CONTROL COMMS	CHIEF, O	CHIEF, OC
	PERSONNEL SUPPORT	CHIEF, P	P STAFF ASST.
	ENGINEERING SUPPORT	CHIEF, E	NOTE 1
	FISCAL AND SUPPLY SUPPORT	CHIEF, F	F STAFF ASST.
	R & D SUPPORT	CHIEF, O	CHIEF, DP
	TRAINING	CHIEF, P	P STAFF ASST.
	RETIRED PAY		

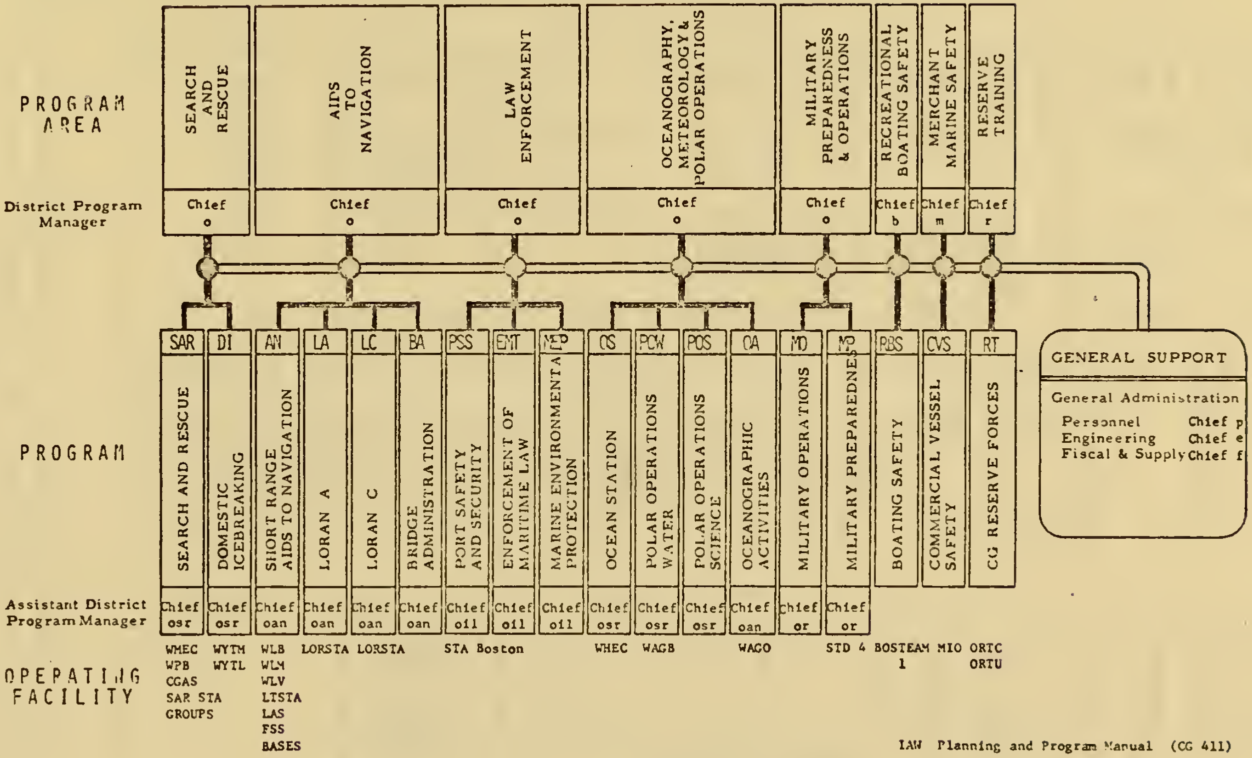
NOTE 1: CHIEF, ECV, ENE, EEE, EOE, EAE AS APPROPRIATE.

Source: U.S. Department of Transportation, Coast Guard, An Introduction to Subhead Thirty, unpublished presentation by the Subhead Thirty Program Manager, First Coast Guard District Headquarters, Boston, Mass., September 1970.

Note: Each program area could be called a general area of operation, and each program within an area is related to all others. The program director would be in a position similar to a line or staff vice president in the private sector. The program manager equates to an operating division manager within a private firm.

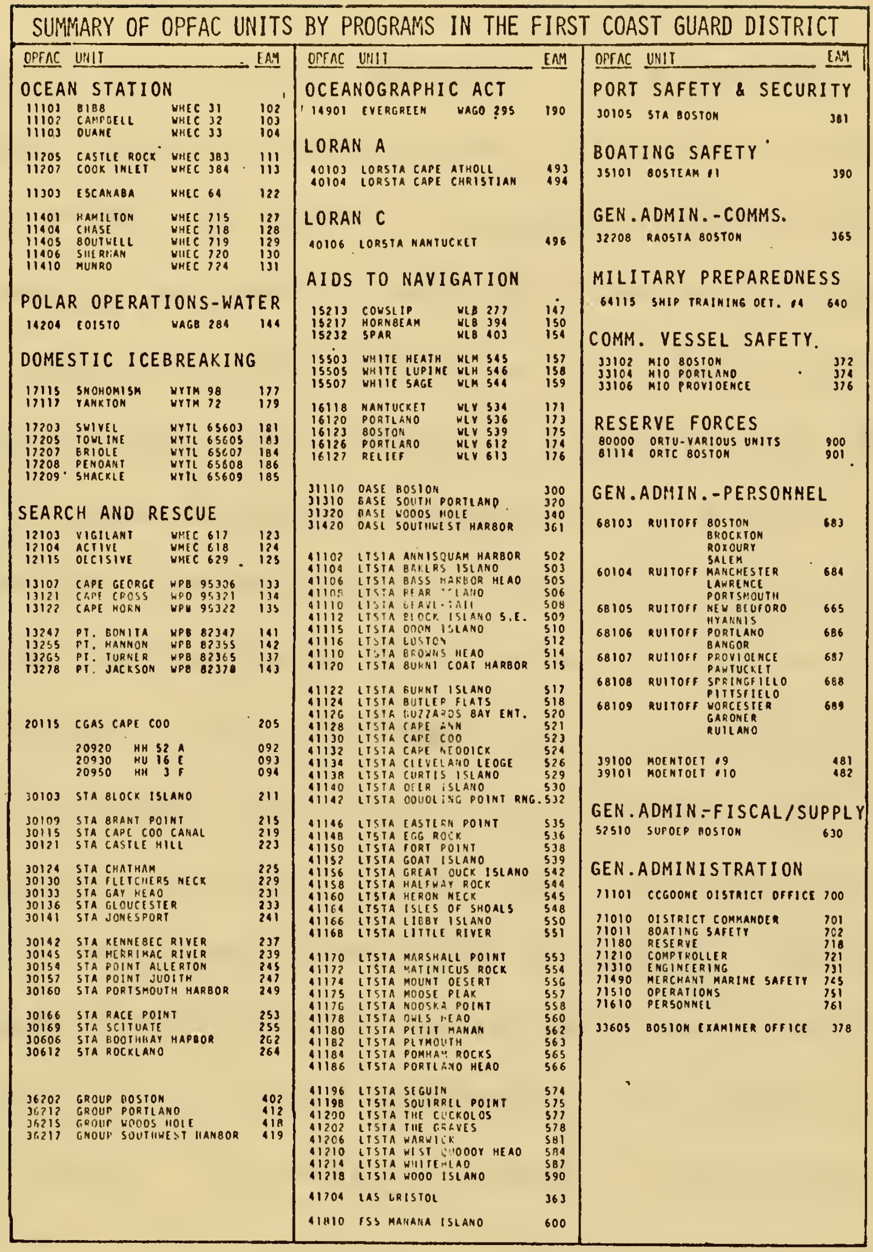
TABLE IV-5

CCGD I - PROGRAM STRUCTURE



Source: U.S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports, Fiscal Year 1971 (Comptroller Memorandum f-7132, August 11, 1971).

TABLE IV-6



SUMMARY OF OPFAC UNITS BY PROGRAMS IN THE FIRST COAST GUARD DISTRICT

OPFAC	UNIT	EAM
OCEAN STATION		
11101	BIBB WHEC 31	102
11102	CAMPBELL WHEC 32	103
11103	DUANE WHEC 33	104
11205	CASTLE ROCK WHEC 383	111
11207	COOK INLET WHEC 384	113
11303	ESCANABA WHEC 64	122
11401	HAMILTON WHEC 715	127
11404	CHASE WHEC 718	128
11405	BOUTWELL WHEC 719	129
11406	SHERMAN WHEC 720	130
11410	MUNRO WHEC 724	131
POLAR OPERATIONS-WATER		
14204	EDISTO WAGB 284	144
DOMESTIC ICEBREAKING		
17115	SNOHOMISH WYTM 98	177
17117	YANKTON WYTM 72	179
17203	SWIVEL WYTL 65603	181
17205	TOWLINE WYTL 65605	183
17207	BRIDLE WYTL 65607	184
17208	PENDANT WYTL 65608	186
17209	SHACKLE WYTL 65609	185
SEARCH AND RESCUE		
12103	VIGILANT WMEC 617	123
12104	ACTIVE WMEC 618	124
12115	DECISIVE WMEC 629	125
13107	CAPE GEORGE WPB 95306	133
13121	CAPE CROSS WPB 95321	134
13122	CAPE HORN WPB 95322	135
13247	PT. BONITA WPB 82347	141
13255	PT. HANNON WPB 82355	142
13265	PT. TURNER WPB 82365	137
13278	PT. JACKSON WPB 82378	143
20115	CGAS CAPE COD	205
	20920 HH 52 A	092
	20930 HU 16 E	093
	20950 HH 3 F	094
30103	STA BLOCK ISLAND	211
30109	STA BRANT POINT	215
30115	STA CAPE COD CANAL	219
30121	STA CASTLE HILL	223
30124	STA CHATHAM	225
30130	STA FLETCHERS NECK	229
30133	STA GAY HEAD	231
30136	STA GLOUCESTER	233
30141	STA JONESPORT	241
30142	STA KENNEBEC RIVER	237
30145	STA MERRIMAC RIVER	239
30154	STA POINT ALLERTON	245
30157	STA POINT JUDITH	247
30160	STA PORTSMOUTH HARBOR	249
30166	STA RACE POINT	253
30169	STA SCITUATE	255
30606	STA BOOTHBAY HARBOR	262
30612	STA ROCKLAND	264
36202	GROUP BOSTON	402
36212	GROUP PORTLAND	412
36215	GROUP WOODS HOLE	418
36217	GROUP SOUTHWEST HARBOR	419

OPFAC	UNIT	EAM
OCEANOGRAPHIC ACT		
14901	EVERGREEN WAGO 295	190
LORAN A		
40103	LORSTA CAPE ATHOLL	493
40104	LORSTA CAPE CHRISTIAN	494
LORAN C		
40106	LORSTA NANTUCKET	496
AIDS TO NAVIGATION		
15213	COWSLIP WLB 277	147
15217	HORNBEAM WLB 394	150
15232	SPAR WLB 403	154
15503	WHITE HEATH WLM 545	157
15505	WHITE LUPINE WLM 546	158
15507	WHITE SAGE WLM 544	159
16118	NANTUCKET WLV 534	171
16120	PORTLAND WLV 536	173
16123	BOSTON WLV 539	175
16126	PORTLAND WLV 612	174
16127	RELIEF WLV 613	176
31110	BASE BOSTON	300
31310	BASE SOUTH PORTLAND	320
31320	BASE WOODS HOLE	340
31420	BASE SOUTHWEST HARBOR	361
41102	LTSTA ANNISQUAM HARBOR	502
41104	LTSTA BAKERS ISLAND	503
41106	LTSTA BASS HARBOR HEAD	505
41108	LTSTA BEAR ISLAND	506
41110	LTSTA BEAVL-TAIL	508
41112	LTSTA BLOCK ISLAND S.E.	509
41115	LTSTA BOON ISLAND	510
41116	LTSTA BOSTON	512
41110	LTSTA BROWNS HEAD	514
41120	LTSTA BURNT COAT HARBOR	515
41122	LTSTA BURNT ISLAND	517
41124	LTSTA BUTLER FLATS	518
41126	LTSTA BUZZARDS BAY ENT.	520
41128	LTSTA CAPE ANN	521
41130	LTSTA CAPE COD	523
41132	LTSTA CAPE NEDDICK	524
41134	LTSTA CLEVELAND LEDGE	526
41138	LTSTA CURTIS ISLAND	529
41140	LTSTA DEER ISLAND	530
41142	LTSTA DOUBLING POINT RNG.	532
41146	LTSTA EASTERN POINT	535
41148	LTSTA EGG ROCK	536
41150	LTSTA FORT POINT	538
41152	LTSTA GOAT ISLAND	539
41156	LTSTA GREAT DUCK ISLAND	542
41158	LTSTA HALFWAY ROCK	544
41160	LTSTA HERON NECK	545
41164	LTSTA ISLES OF SHOALS	548
41166	LTSTA LIBBY ISLAND	550
41168	LTSTA LITTLE RIVER	551
41170	LTSTA MARSHALL POINT	553
41172	LTSTA MATINICUS ROCK	554
41174	LTSTA MOUNT DESERT	556
41175	LTSTA MOOSE PEAK	557
41176	LTSTA NOBSKA POINT	558
41178	LTSTA OWLS HEAD	560
41180	LTSTA PETIT MANAN	562
41182	LTSTA PLYMOUTH	563
41184	LTSTA POMHAM ROCKS	565
41186	LTSTA PORTLAND HEAD	566
41196	LTSTA SEGUIN	574
41198	LTSTA SQUIRREL POINT	575
41200	LTSTA THE CUCKOLDS	577
41202	LTSTA THE GRAVES	578
41206	LTSTA WARWICK	581
41210	LTSTA WEST QUODDY HEAD	584
41214	LTSTA WHITEHEAD	587
41218	LTSTA WOOD ISLAND	590
41704	LAS BRISTOL	363
41810	FSS MANANA ISLAND	600

OPFAC	UNIT	EAM
PORT SAFETY & SECURITY		
30105	STA BOSTON	381
BOATING SAFETY		
35101	BOSTEAM #1	390
GEN.ADMIN.-COMMS.		
32208	RADSTA BOSTON	365
MILITARY PREPAREDNESS		
64115	SHIP TRAINING DET. #4	640
COMM. VESSEL SAFETY.		
33102	MIO BOSTON	372
33104	MIO PORTLAND	374
33106	MIO PROVIDENCE	376
RESERVE FORCES		
80000	ORTU-VARIOUS UNITS	900
81114	ORTC BOSTON	901
GEN.ADMIN.-PERSONNEL		
68103	RUITOFF BOSTON BROCKTON ROXBURY SALEM	683
60104	RUITOFF MANCHESTER LAWRENCE PORTSMOUTH	684
68105	RUITOFF NEW BEDFORD HYANNIS	665
68106	RUITOFF PORTLAND BANGOR	686
68107	RUITOFF PROVIDENCE PAWTUCKET	687
68108	RUITOFF SPRINGFIELD PITTSFIELD	688
68109	RUITOFF WORCESTER GARDNER RUTLAND	689
39100	MOENTDET #9	481
39101	MOENTDET #10	482
GEN.ADMIN.-FISCAL/SUPPLY		
52510	SUPDEP BOSTON	630
GEN.ADMINISTRATION		
71101	CCGDONE DISTRICT OFFICE	700
71010	DISTRICT COMMANDER	701
71011	BOATING SAFETY	702
71180	RESERVE	718
71210	COMPTROLLER	721
71310	ENGINEERING	731
71490	MERCHANT MARINE SAFETY	745
71510	OPERATIONS	751
71610	PERSONNEL	761
33605	BOSTON EXAMINER OFFICE	378

Source: U.S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports Fiscal Year 1971 (Comptroller Memorandum f-7132, August 11, 1971).

As directed by the Commandant the program was to be administered by the District Commander or his designee.[1] For the most part, the officer designated to fill this capacity is the Chief of Staff. As second in command in the district he has the authority and power to make decisions which might be difficult in regard to their effect on two or more divisions at the district level. The funding of Subhead Thirty is a good example of the need for sufficient power in this area. As was mentioned before, the reluctance of some divisions could only be overcome by application of administrative force on the officers involved. Below the level of Chief of Staff the administration differs from district to district. For clarity of understanding it is best to make use of the structure shown in Table IV-5 which has already been discussed. The District Program Manager from this chart is located directly below the Chief of Staff in the flow of information and responsibility through the system. The entire structure of the District Program is a microcosim of the structure at headquarters with counterparts filling comparable positions at that level.[2]

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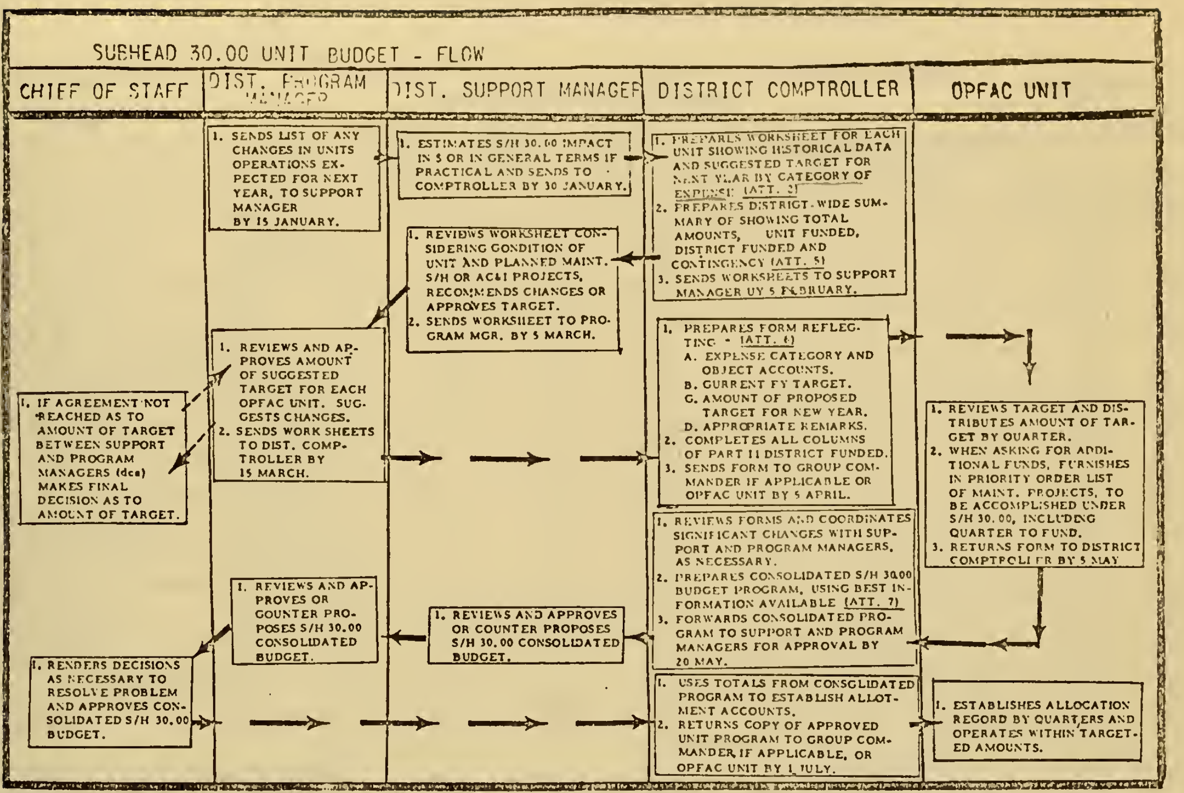
[1] Commandant Notice 7132, Financial Management.

[2] Coast Guard, Planning and Programming Manual.

The flow of information for the establishment of budgets is shown in Table IV-7. This deals with the establishment of the individual unit's budget for the forthcoming Fiscal Year. The District Program Manager starts the process by listing the changes anticipated in the operating program for the coming year. This step usually begins in the late fall of the preceding calendar year, and ends in January with a submission of the anticipated changes to the various District Support Managers. The Support Manager makes dollar impact estimates and sends the listing on to the Comptroller. The Comptroller develops a worksheet for each unit based on the information received from the Support Manager and Program Manager. These worksheets can generally take the format shown in Tables IV-7-A and IV-7-B. Through the use of these worksheets the process continues until it arrives at the level of the Commanding Officer at the OPFAC unit. (OPFAC is an abbreviation for OPerating FACility.) During the process from the Comptroller to the Commanding Officer, the form may be reworked to include changes desired by various levels of the structure. If the Program Manager is in disagreement with the development of the worksheet he may state his case to the Chief of Staff for a final decision. Once the sheet is approved it is sent to the Comptroller where a final version

TABLE IV-7



1. SENDS LIST OF ANY CHANGES IN UNITS OPERATIONS EXPECTED FOR NEXT YEAR, TO SUPPORT MANAGER BY 15 JANUARY.

1. ESTIMATES S/H 30.00 IMPACT IN $ OR IN GENERAL TERMS IF PRACTICAL AND SENDS TO COMPTROLLER BY 30 JANUARY.

1. PREPARES WORKSHEET FOR EACH UNIT SHOWING HISTORICAL DATA AND SUGGESTED TARGET FOR NEXT YEAR BY CATEGORY OF EXPENSE (ATT. 2)
2. PREPARES DISTRICT-WIDE SUMMARY OF SHOWING TOTAL AMOUNTS, UNIT FUNDED, DISTRICT FUNDED AND CONTINGENCY (ATT. 5)
3. SENDS WORKSHEETS TO SUPPORT MANAGER UY 5 FEBRUARY.

1. REVIEWS WORKSHEET CONSIDERING CONDITION OF UNIT AND PLANNED MAINT. S/H OR AC&I PROJECTS, RECOMMENDS CHANGES OR APPROVES TARGET.
2. SENDS WORKSHEET TO PROGRAM MGR. BY 5 MARCH.

1. REVIEWS AND APPROVES AMOUNT OF SUGGESTED TARGET FOR EACH OPFAC UNIT. SUGGESTS CHANGES.
2. SENDS WORK SHEETS TO DIST. COMPTROLLER BY 15 MARCH.

1. IF AGREEMENT NOT REACHED AS TO AMOUNT OF TARGET BETWEEN SUPPORT AND PROGRAM MANAGERS (dcs) MAKES FINAL DECISION AS TO AMOUNT OF TARGET.

1. PREPARES FORM REFLECTING - (ATT. 6)
   - A. EXPENSE CATEGORY AND OBJECT ACCOUNTS.
   - B. CURRENT FY TARGET.
   - C. AMOUNT OF PROPOSED TARGET FOR NEW YEAR.
   - D. APPROPRIATE REMARKS.
2. COMPLETES ALL COLUMNS OF PART II DISTRICT FUNDED.
3. SENDS FORM TO GROUP COMMANDER IF APPLICABLE OR OPFAC UNIT BY 5 APRIL.

1. REVIEWS TARGET AND DISTRIBUTES AMOUNT OF TARGET BY QUARTER.
2. WHEN ASKING FOR ADDITIONAL FUNDS, FURNISHES IN PRIORITY ORDER LIST OF MAINT. PROJECTS, TO BE ACCOMPLISHED UNDER S/H 30.00, INCLUDING QUARTER TO FUND.
3. RETURNS FORM TO DISTRICT COMPTPOLLER BY 5 MAY

1. REVIEWS FORMS AND COORDINATES SIGNIFICANT CHANGES WITH SUPPORT AND PROGRAM MANAGERS, AS NECESSARY.
2. PREPARES CONSOLIDATED S/H 30.00 BUDGET PROGRAM, USING BEST INFORMATION AVAILABLE (ATT. 7)
3. FORWARDS CONSOLIDATED PROGRAM TO SUPPORT AND PROGRAM MANAGERS FOR APPROVAL BY 20 MAY.

1. REVIEWS AND APPROVES OR COUNTER PROPOSES S/H 30.00 CONSOLIDATED BUDGET.

1. REVIEWS AND APPROVES OR COUNTER PROPOSES S/H 30.00 CONSOLIDATED BUDGET.

1. RENDERS DECISIONS AS NECESSARY TO RESOLVE PROBLEM AND APPROVES CONSOLIDATED S/H 30.00 BUDGET.

1. USES TOTALS FROM CONSOLIDATED PROGRAM TO ESTABLISH ALLOTMENT ACCOUNTS.
2. RETURNS COPY OF APPROVED UNIT PROGRAM TO GROUP COMMANDER, IF APPLICABLE, OR OPFAC UNIT BY 1 JULY.

1. ESTABLISHES ALLOCATION REGORD BY QUARTERS AND OPERATES WITHIN TARGETED AMOUNTS.

Source: U.S. Department of Transportation, Coast Guard, Commandant Instruction 7132.7, Subhead 30.00 Financial Management and Administration, December 29, 1970.

TABLE IV-7-A

SUBHEAD THIRTY PLANNING WORKSHEET

FIRST COAST GUARD DISTRICT - FY 72 SUBHEAD 30.00 UNIT BUDGET

UNIT CONTROLLED FUNDS

PROGRAM ____________

UNIT ____________

GROUP ____________

OPFAC/EAM ____________

EXPENSE CATEGORY	OBJECT ACCOUNT	CURRENT TARGET FY 1971	PROPOSED TARGET FY 1972	REVISED TARGET FY 1972	UNIT ALLOCATION REQUEST 1st QUARTER	UNIT ALLOCATION REQUEST 2nd QUARTER	UNIT ALLOCATION REQUEST 3rd QUARTER	UNIT ALLOCATION REQUEST 4th QUARTER	REMARKS
Wage Grade Labor	1933								
Travel	2112-2119								
Vehicle Rentals	2116-2202								
Transportation of Things	2200								
Communications	2302								
Utilities	2303								
Property/Equip.Rentals	2304								
VSL - Main Prop.Maint.	2525-2625								
VSL - Aux.Equip.Maint.	2535-2635								
Aircraft Maint.	2541-2641								
Electronic Maint.	2542-2642								
Shore Unit/Cutter Maint.	2544-2644								
Boat Maint.	2545-2645								
A/N & Marine Sci. Maint.	2546-2646								
Ordnance Maint.	2554-2669								
Recreation Expense	2555-2655								
Training Expense	2556-2656								
Medical/Dental Expense	2557-2657								
Housekeeping	2634								
Avionic Material	2658								
Fuel - Aircraft	2662								
Fuel - Cutters	2665								
Fuel - Boats & Vehicles	2667								
Fuel - Other Shore Unit	2668								
Equipment	3144								
Printing - Misc Service	2400-2559								
Inv Adj - Indemnities	2651-4202								
Accessorial	2660								
TOTAL									

Prepared by: ____________
Comptroller

Completed by: ____________
Unit CO/OINC

Amount of Target and Quarterly Allocation Amounts Approved

____________ Support Manager

____________ Program Manager

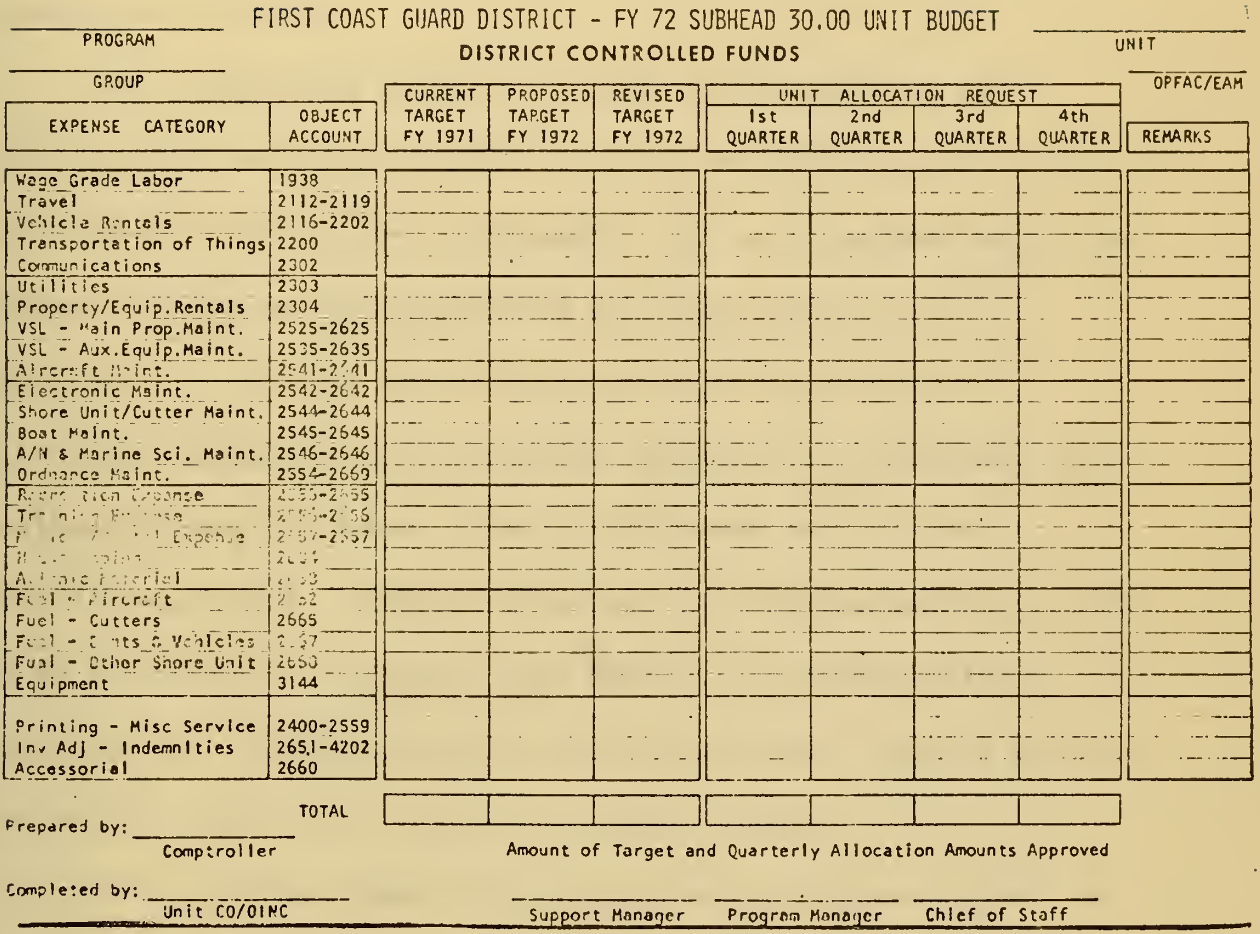
____________ Chief of Staff

Source: U. S. Department of Transportation, First Coast Guard District, Form - CGD1-7132-2(3-71).

Note: This form is used to determine the cost targets and annual fund allocation for each operating unit. It enters the budget flow process at the Comptroller's office and is the vehicle by which the local manager can make his desires known in regard to the operation of his particular program.

TABLE IV-7-B

SUBHEAD THIRTY PLANNING WORKSHEET



FIRST COAST GUARD DISTRICT - FY 72 SUBHEAD 30.00 UNIT BUDGET

DISTRICT CONTROLLED FUNDS

PROGRAM ____________

GROUP ____________

UNIT ____________

OPFAC/EAM ____________

EXPENSE CATEGORY	OBJECT ACCOUNT	CURRENT TARGET FY 1971	PROPOSED TARGET FY 1972	REVISED TARGET FY 1972	UNIT ALLOCATION REQUEST 1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	REMARKS
Wage Grade Labor	1938								
Travel	2112-2119								
Vehicle Rentals	2116-2202								
Transportation of Things	2200								
Communications	2302								
Utilities	2303								
Property/Equip.Rentals	2304								
VSL - Main Prop.Maint.	2525-2625								
VSL - Aux.Equip.Maint.	2535-2635								
Aircraft Maint.	2541-2641								
Electronic Maint.	2542-2642								
Shore Unit/Cutter Maint.	2544-2644								
Boat Maint.	2545-2645								
A/N & Marine Sci. Maint.	2546-2646								
Ordnance Maint.	2554-2669								
Recreation Expense	2555-2655								
Training Expense	[illegible]								
[illegible] Expense	[illegible]-2557								
[illegible]	[illegible]								
[illegible] Material	[illegible]								
Fuel - Aircraft	[illegible]								
Fuel - Cutters	2665								
Fuel - Boats & Vehicles	[illegible]								
Fuel - Other Shore Unit	[illegible]								
Equipment	3144								
Printing - Misc Service	2400-2559								
Inv Adj - Indemnities	2651-4202								
Accessorial	2660								
	TOTAL								

Prepared by: ____________
Comptroller

Amount of Target and Quarterly Allocation Amounts Approved

Completed by: ____________
Unit CO/OINC

____________ Support Manager

____________ Program Manager

____________ Chief of Staff

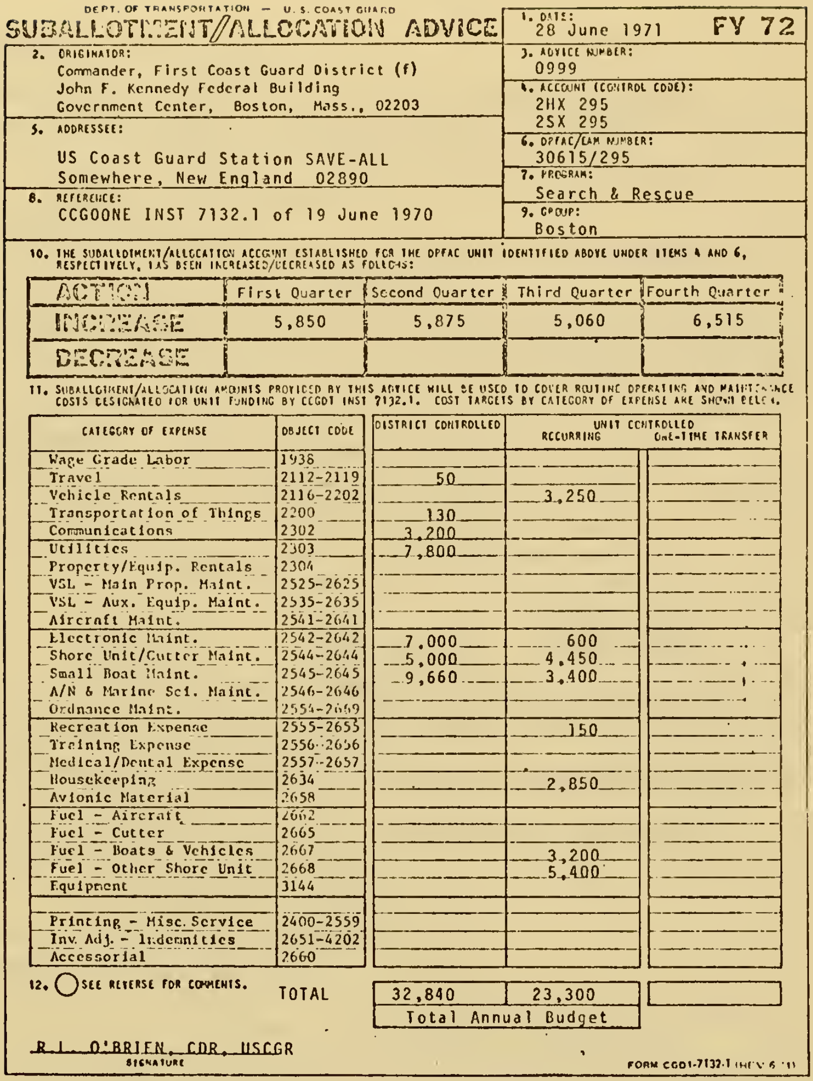
Source: U. S. Department of Transportation, First Coast Guard District, Form - CGD1-7132-2A(3-71).

of the worksheet is prepared. This sheet is then sent to the Commanding Officer.

The Commanding Officer reviews the worksheet and develops his preferred allocation of the funds proposed for each object code on the worksheet. If he disagrees with the amounts stated on the worksheet he may respond to the Comptroller, stating his desires, when submitting his Allocation Request. The returned worksheet is reviewed and analyzed along the same lines it followed during the formulation stage. After all review is accomplished and the Chief of Staff has approved the budget, the Comptroller develops the Suballotment/Allocation Advice. Tables IV-8-A and IV-8-B show both sides of a sample form.

The approved Suballotment/Allocation Advice (S/AA) is sent to the Commanding Officer, who then establishes his local accounting system and begins operation within the approved targets. The Commanding Officer has the authority to spend the money as he sees best suited for the operation of his unit in meeting his programmed objectives. He is not required to spend exactly the amount of money specified for any given object code on only that area. He may, if he elects spend some of the money targeted for one area, say housekeeping, in a totally unrelated area, such as electronic maintenance. It is

TABLE IV-8-A



DEPT. OF TRANSPORTATION — U. S. COAST GUARD

SUBALLOTMENT/ALLOCATION ADVICE

1. DATE: 28 June 1971 FY 72

2. ORIGINATOR:
Commander, First Coast Guard District (f)
John F. Kennedy Federal Building
Government Center, Boston, Mass., 02203

3. ADVICE NUMBER: 0999

4. ACCOUNT (CONTROL CODE):
2HX 295
2SX 295

5. ADDRESSEE:
US Coast Guard Station SAVE-ALL
Somewhere, New England 02890

6. OPFAC/CAM NUMBER: 30615/295

7. PROGRAM: Search & Rescue

8. REFERENCE: CCGOONE INST 7132.1 of 19 June 1970

9. GROUP: Boston

10. THE SUBALLOTMENT/ALLOCATION ACCOUNT ESTABLISHED FOR THE OPFAC UNIT IDENTIFIED ABOVE UNDER ITEMS 4 AND 6, RESPECTIVELY, HAS BEEN INCREASED/DECREASED AS FOLLOWS:

ACTION	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
INCREASE	5,850	5,875	5,060	6,515
DECREASE				

11. SUBALLOTMENT/ALLOCATION AMOUNTS PROVIDED BY THIS ADVICE WILL BE USED TO COVER ROUTINE OPERATING AND MAINTENANCE COSTS DESIGNATED FOR UNIT FUNDING BY CCGDT INST 7132.1. COST TARGETS BY CATEGORY OF EXPENSE ARE SHOWN BELOW.

CATEGORY OF EXPENSE	OBJECT CODE	DISTRICT CONTROLLED	UNIT CONTROLLED RECURRING	UNIT CONTROLLED ONE-TIME TRANSFER
Wage Grade Labor	1938			
Travel	2112-2119	50		
Vehicle Rentals	2116-2202		3,250	
Transportation of Things	2200	130		
Communications	2302	3,200		
Utilities	2303	7,800		
Property/Equip. Rentals	2304			
VSL - Main Prop. Maint.	2525-2625			
VSL - Aux. Equip. Maint.	2535-2635			
Aircraft Maint.	2541-2641			
Electronic Maint.	2542-2642	7,000	600	
Shore Unit/Cutter Maint.	2544-2644	5,000	4,450	
Small Boat Maint.	2545-2645	9,660	3,400	
A/N & Marine Sci. Maint.	2546-2646			
Ordnance Maint.	2554-2669			
Recreation Expense	2555-2655		150	
Training Expense	2556-2656			
Medical/Dental Expense	2557-2657			
Housekeeping	2634		2,850	
Avionic Material	2658			
Fuel - Aircraft	2662			
Fuel - Cutter	2665			
Fuel - Boats & Vehicles	2667		3,200	
Fuel - Other Shore Unit	2668		5,400	
Equipment	3144			
Printing - Misc. Service	2400-2559			
Inv. Adj. - Indemnities	2651-4202			
Accessorial	2660			
TOTAL		32,840	23,300	
		Total Annual Budget		

12. ○ SEE REVERSE FOR COMMENTS.

R. J. O'BRIEN, CDR, USCGR
SIGNATURE

FORM CGD1-7132-1 (REV 6-71)

Source: U. S. Department of Transportation, First Coast Guard District, Form - CGD1-7132-1(REV 6-71).

TABLE IV-8-B

SUBALLOTMENT/ALLOCATION ADVICE COMMENTS

1. CCGO1 Instruction 7132.1 of 19 June 1970, Subj: Financial Management and Accounting System Changes Programmed for Fiscal Year 1971, is being revised and will incorporate the following changes.

2. OFFICE LABOR SAVING DEVICES. Funds for office labor saving devices are being distributed to all OPFAC Units based on the established allowance list in object account 2544-2644.

    a. Maintenance and repair of office machines shall be charged to object account 2544-2644.

    b. Procurement of replacement office machines is chargeable to object account 3144 (Equipment), and must be procured through CCGO1(f).

3. ADDITIONAL RECREATION EXPENSE. The recreation subhead (Subhead 55) has been disestablished and all recreation funds are being distributed to OPFAC Units based on authorized complements.

    a. All recreation equipment will be funded by the unit.

    b. Recreation items costing over $100 will be approved by the district. It is mandatory that all items be procured under Government contract if there is a contract available. Procurement documents, including unit order number, shall be forwarded to CCGO1(f) for processing.

    c. Subscription to Navy Times will be funded by the unit and ordered by CCGO1(f) to take advantage of bulk order discounts.

    d. Maintenance and repair of non-service firearms shall be funded as a recreation expense under object account 2555-2655.

4. A/N MAINTENANCE. Funds for routine operation and maintenance of aids to navigation are being distributed to OPFAC Units having primary servicing responsibilities.

    a. District Controlled Funds for routine services - maintenance and repair A/N - are targeted to the industrial bases. Object Account Number 2576 (Code HT) is assigned.

    b. Unit Controlled Funds shall be used in the following category of expenses:

        (1) Supplies & Materials - A/N Batteries - Object Account Number 2675 (Code GO).

        (2) Supplies & Materials - Maintenance - A/N Other - Object Account Number 2676 (Code GP).

            Lamps
            Daylight Controls
            Wiring
            Battery Boxes
            Gaskets
            Shackles
            Swivels
            Paint
            Reflective Materials
            Replacement Daymarks
            Replacement Lanterns
            Replacement Optics
            Replacement Flashers
            Replacement Lampchangers

        All other materials necessary for maintenance and repair within capability of unit

    c. Additionally, District Controlled Funds will be retained for new programs initiated by the Commandant (such as disposable type lampchangers and 155 mm optics) and quarterly requirements for bells, gongs, tappers, whistles, etc.

    d. Items not to be funded under Subhead 30 include bridles, chain, sinkers, new or replacement fog signals, lanterns 375 mm and larger, fog detectors. These items will be procured by the District under Subhead 46.

    e. All units having an aids to navigation primary servicing responsibility shall provide necessary materials to other units effecting emergency repairs to their assigned aids.

    f. NOTE the use of the new object account codes.

    Example: CGC SPAR ordering batteries
    Unit order number; 2 G X 1 5 4 0 _ _ _ _

    CGC HORNBEAM ordering other A/N material
    Unit order number; 2 G X 1 5 0 P _ _ _ _

5. GENERAL NOTES CONCERNING ANNUAL BUDGETS.

    a. Cost targets for office machines and increased recreation are based on annual requirements.

    b. Cost targets for A/N maintenance is based on 3 quarters (9 months) requirements.

    c. Funds are suballotted/allocated equally for the 2nd, 3rd, and 4th quarters.

    d. In accordance with the current instruction, funds may be reprogrammed from one quarter to another as deemed necessary.

Source: U. S. Department of Transportation, First Coast Guard District, Form - CGD1-7132-1 (REV 6-71) (reverse.)

the responsibility of the Commanding Officer to meet the programmed objectives established for his unit and the discretion left him in the expenditure of funds allocated for his unit is an attempt to make better use of that responsibility. Because the Command must establish a system of local priorities concerning the spending program to be undertaken, a system of alternatives is pressed on the unit. The District Program Manager and the Assistant Program Manager will require that the unit be able to meet all of the objectives set for it. If the Command can better meet these by spending in a pattern not identical with the target there is no difficulty. If the Program Manager finds that some aspects of the unit's operation are suffering as a result of improper spending, corrective action can be taken. The Program Manager and Assistant Program Managers are free of excessive amounts of administrative work and can spend more time in the field properly supervising the programs. Follow-up reports are developed throughout the year which will enable the various levels of the administrative structure to measure the unit's success in the operation of its fiscal program. A major review of these reports is conducted on a semi-annual schedule, but various districts have established timetables which include reviews at more frequent intervals. The District Program Manager generally will make a

continuous review of the programs for which he is responsible, and modern data processing methods make this possible. The flow process for periodic reports is shown in diagramatic form in Table IV-9. The reports listed as "X", "Y", and "Z" in this chart are:

1. "X" is a comparison between operating targets and Subhead Thirty cost and fund utilization for each unit.
2. "Y" is a compilation of costs incurred and funds utilized, listed by expense category.
3. "Z" is a listing of Subhead Thirty versus cost targets listed by unit type.[1]

The report arrangement most commonly used is for a total review at the end of each quarter of the Fiscal Year, this review receiving reports which are cumulative totals of spending to date and comparative analysis is possible between units of like class. For all intents and purposes, the administration of the program at the District level should end here. It does not for the simple reason that planned budgets are not always able to be adhered to in the real-time world.

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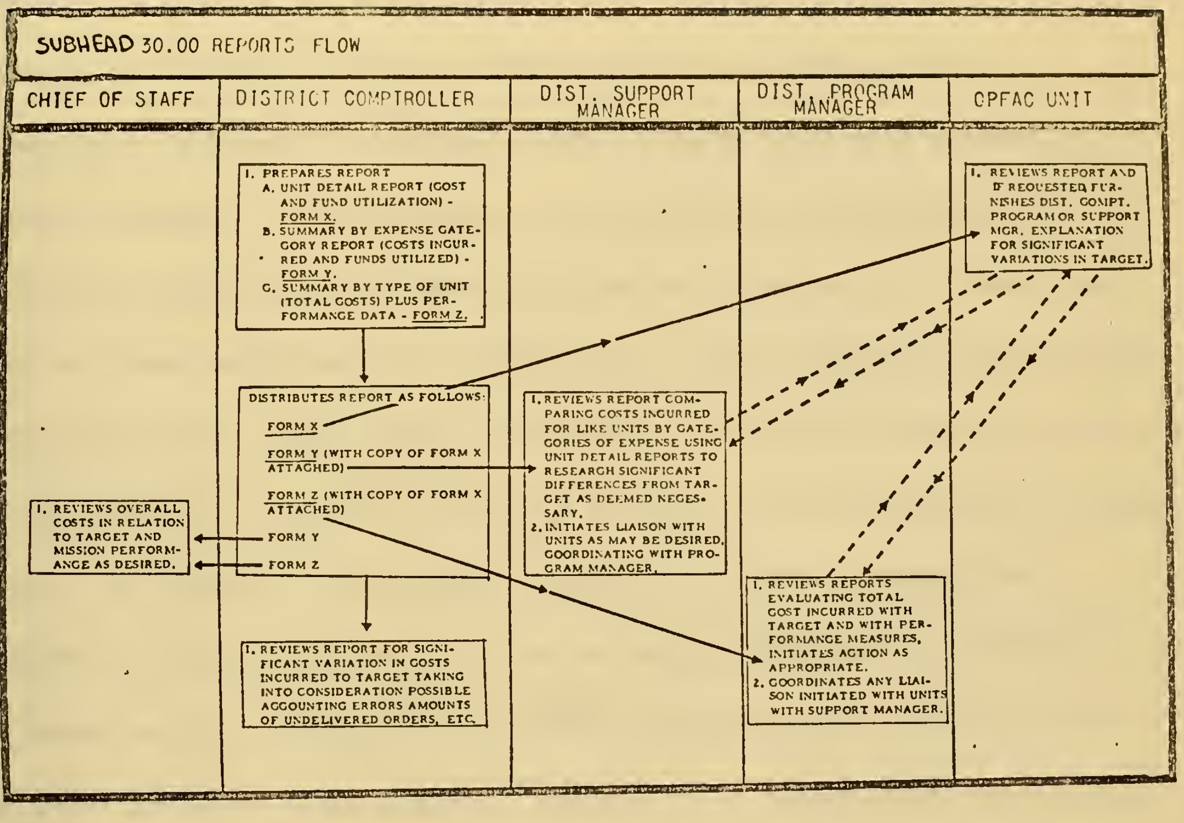
[1] U. S. Department of Transportation, Coast Guard, Commandant Instruction 7132.7, Subhead 30.00 Financial Management and Administration, December 29, 1970.

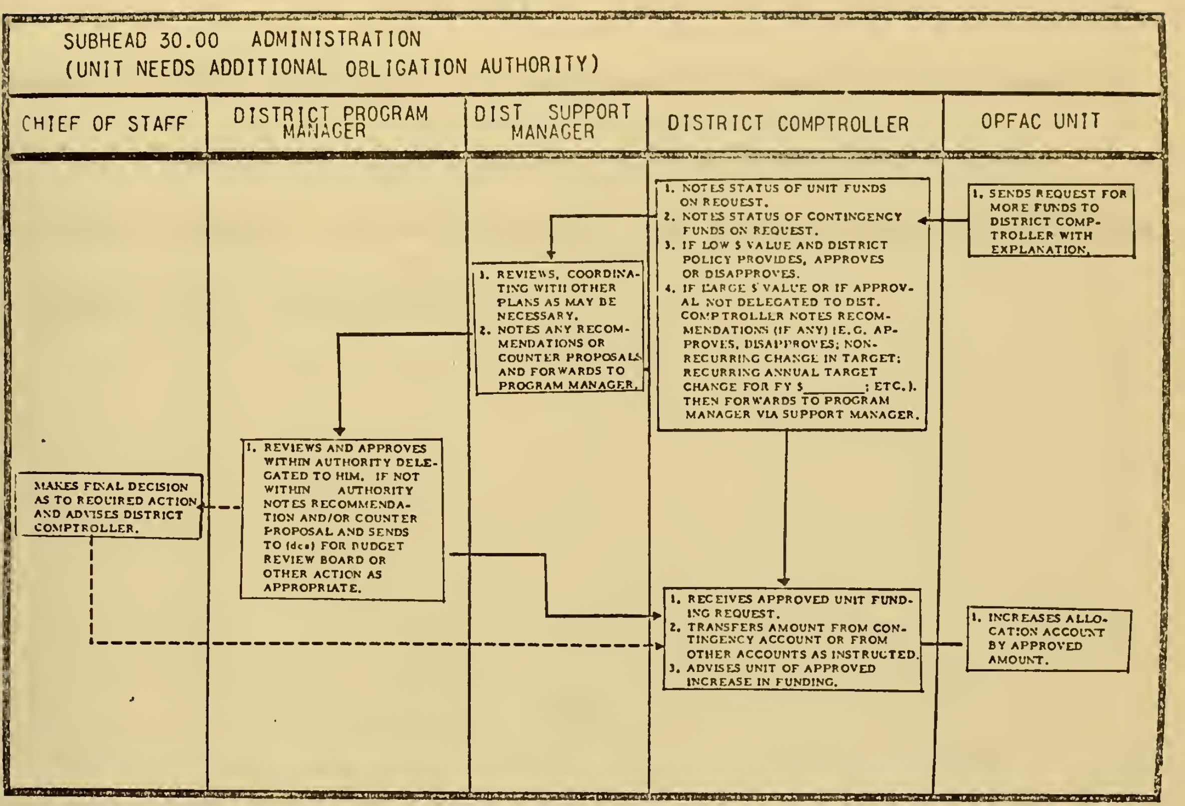
TABLE IV-9


SUBHEAD 30.00 REPORTS FLOW
CHIEF OF STAFF
DISTRICT COMPTROLLER
DIST. SUPPORT MANAGER
DIST. PROGRAM MANAGER
OPFAC UNIT
1. PREPARES REPORT
A. UNIT DETAIL REPORT (COST AND FUND UTILIZATION) - FORM X.
B. SUMMARY BY EXPENSE CATEGORY REPORT (COSTS INCURRED AND FUNDS UTILIZED) - FORM Y.
C. SUMMARY BY TYPE OF UNIT (TOTAL COSTS) PLUS PERFORMANCE DATA - FORM Z.
DISTRIBUTES REPORT AS FOLLOWS:
FORM X
FORM Y (WITH COPY OF FORM X ATTACHED)
FORM Z (WITH COPY OF FORM X ATTACHED)
FORM Y
FORM Z
1. REVIEWS REPORT FOR SIGNIFICANT VARIATION IN COSTS INCURRED TO TARGET TAKING INTO CONSIDERATION POSSIBLE ACCOUNTING ERRORS AMOUNTS OF UNDELIVERED ORDERS, ETC.
1. REVIEWS OVERALL COSTS IN RELATION TO TARGET AND MISSION PERFORMANCE AS DESIRED.
1. REVIEWS REPORT COMPARING COSTS INCURRED FOR LIKE UNITS BY CATEGORIES OF EXPENSE USING UNIT DETAIL REPORTS TO RESEARCH SIGNIFICANT DIFFERENCES FROM TARGET AS DEEMED NECESSARY.
2. INITIATES LIAISON WITH UNITS AS MAY BE DESIRED, COORDINATING WITH PROGRAM MANAGER.
1. REVIEWS REPORTS EVALUATING TOTAL COST INCURRED WITH TARGET AND WITH PERFORMANCE MEASURES, INITIATES ACTION AS APPROPRIATE.
2. COORDINATES ANY LIAISON INITIATED WITH UNITS WITH SUPPORT MANAGER.
1. REVIEWS REPORT AND IF REQUESTED FURNISHES DIST. COMPT. PROGRAM OR SUPPORT MGR. EXPLANATION FOR SIGNIFICANT VARIATIONS IN TARGET.

Source: U. S. Department of Transpotration, Coast Guard, Commandant Instruction 7132.7 Subhead 30.00 Financial Management and Administration, December 29, 1970.

Unexpected events or additional operations which were not planned in the beginning of the cycle may force a unit Commanding Officer to request added funds from the District Program Manager. The request for additional funds must be adequately supported by data to show why the unit's needs are greater than budgeted for or why the local command cannot shift funds from one target area to another. If the Commanding Officer has made use of a basic priority system in his spending he may be able to offer a short-term solution to the unexpected problem. This solution will be at best a temporary matter if the need is the result of increased operational missions. If the need results from a minor casualty or unexpected failure of equipment the Command should have sufficient funds to cover the need based on priority. In any case, the request for more money is processed for approval along the lines drawn out on Table IV-10. The program is so established to discourage the constant return to the District Manager for additional funds. Proper understanding of financial management principles at all levels of the structure should result in the eventual elimination of needs by units which were not in the original budget. The single largest exception is the unexpected addition of an operational activity.

TABLE IV-10



SUBHEAD 30.00 ADMINISTRATION
(UNIT NEEDS ADDITIONAL OBLIGATION AUTHORITY)

1. SENDS REQUEST FOR MORE FUNDS TO DISTRICT COMPTROLLER WITH EXPLANATION.

1. NOTES STATUS OF UNIT FUNDS ON REQUEST.
2. NOTES STATUS OF CONTINGENCY FUNDS ON REQUEST.
3. IF LOW $ VALUE AND DISTRICT POLICY PROVIDES, APPROVES OR DISAPPROVES.
4. IF LARGE $ VALUE OR IF APPROVAL NOT DELEGATED TO DIST. COMPTROLLER NOTES RECOMMENDATIONS (IF ANY) (E.G. APPROVES, DISAPPROVES; NONRECURRING CHANGE IN TARGET; RECURRING ANNUAL TARGET CHANGE FOR FY $________; ETC.). THEN FORWARDS TO PROGRAM MANAGER VIA SUPPORT MANAGER.

1. REVIEWS, COORDINATING WITH OTHER PLANS AS MAY BE NECESSARY.
2. NOTES ANY RECOMMENDATIONS OR COUNTER PROPOSALS AND FORWARDS TO PROGRAM MANAGER.

1. REVIEWS AND APPROVES WITHIN AUTHORITY DELEGATED TO HIM. IF NOT WITHIN AUTHORITY NOTES RECOMMENDATION AND/OR COUNTER PROPOSAL AND SENDS TO (dcs) FOR BUDGET REVIEW BOARD OR OTHER ACTION AS APPROPRIATE.

MAKES FINAL DECISION AS TO REQUIRED ACTION AND ADVISES DISTRICT COMPTROLLER.

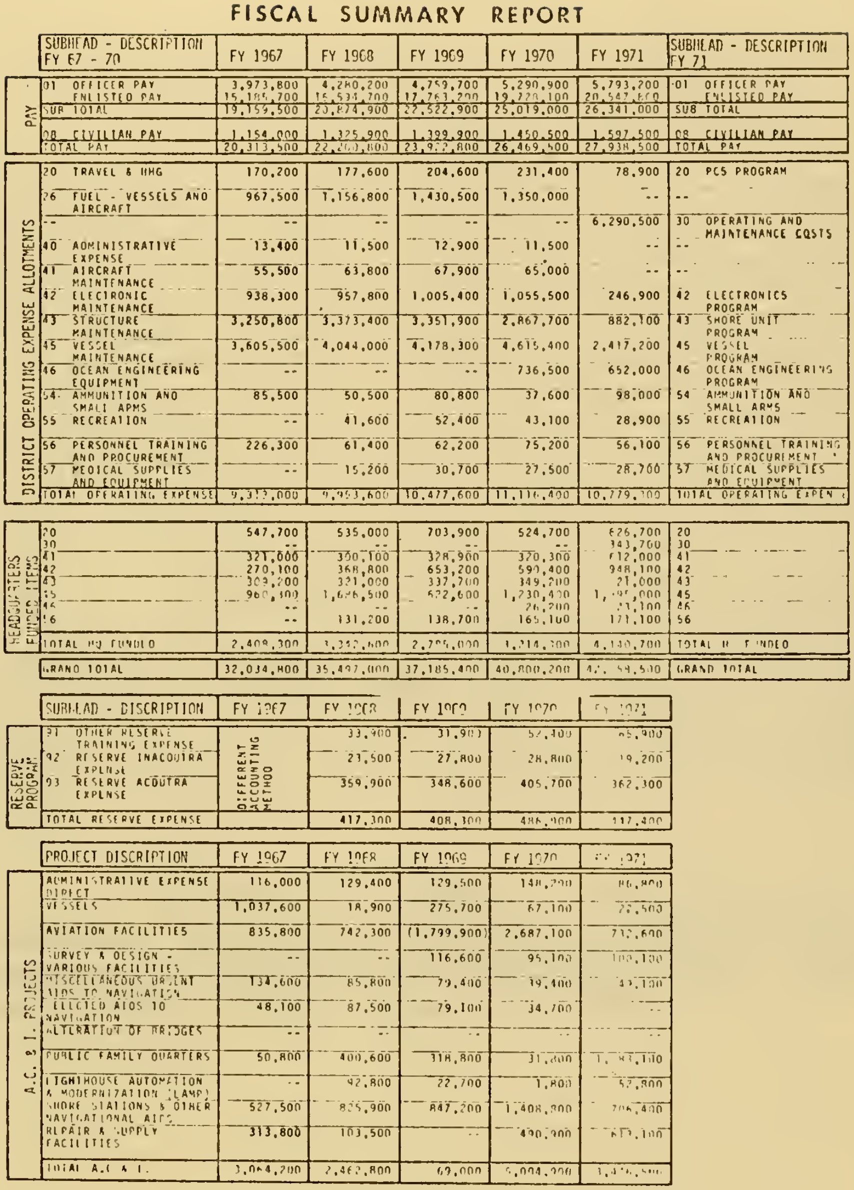
1. RECEIVES APPROVED UNIT FUNDING REQUEST.
2. TRANSFERS AMOUNT FROM CONTINGENCY ACCOUNT OR FROM OTHER ACCOUNTS AS INSTRUCTED.
3. ADVISES UNIT OF APPROVED INCREASE IN FUNDING.

1. INCREASES ALLOCATION ACCOUNT BY APPROVED AMOUNT.

Source: U. S. Department of Transportation, Coast Guard, Commandant Instruction 7132.7 Subhead 30.00 Financial Management and Administration, December 29, 1970.

The Fiscal Year ends with a recapitulation of the costs related to the categories as outlined in the "X", "Y" and "Z" reports. Copies of sample pages of the First Coast Guard District's closing report covering the Fiscal Year 1971 follow as Tables IV-11 through IV-17.

TABLE IV-11



FISCAL SUMMARY REPORT

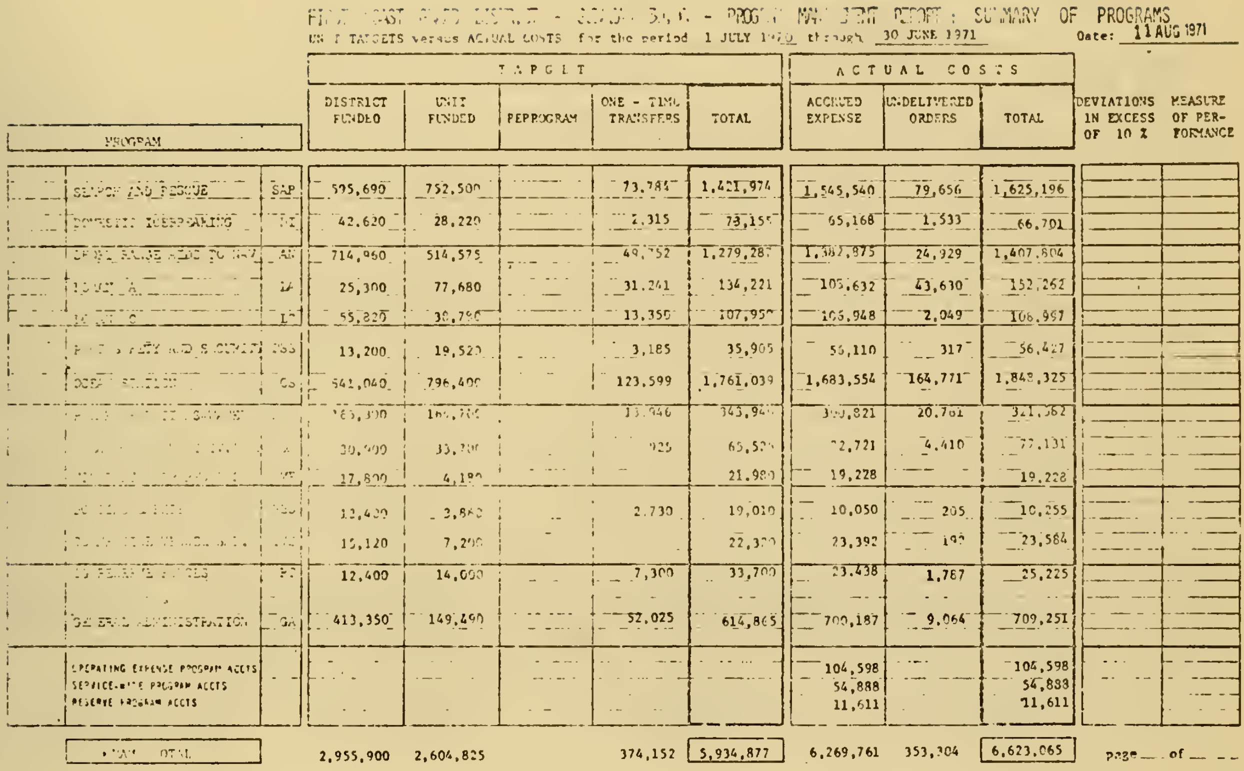
	SUBHEAD - DESCRIPTION FY 67 - 70	FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	SUBHEAD - DESCRIPTION FY 71
PAY	01 OFFICER PAY	3,973,800	4,280,200	4,759,700	5,290,900	5,793,200	01 OFFICER PAY
	ENLISTED PAY	15,185,700	16,594,700	17,763,200	19,728,100	20,547,800	ENLISTED PAY
	SUB TOTAL	19,159,500	20,874,900	22,522,900	25,019,000	26,341,000	SUB TOTAL
	08 CIVILIAN PAY	1,154,000	1,325,900	1,399,900	1,450,500	1,597,500	08 CIVILIAN PAY
	TOTAL PAY	20,313,500	22,200,800	23,922,800	26,469,500	27,938,500	TOTAL PAY
DISTRICT OPERATING EXPENSE ALLOTMENTS	20 TRAVEL & HHG	170,200	177,600	204,600	231,400	78,900	20 PCS PROGRAM
	26 FUEL - VESSELS AND AIRCRAFT	967,500	1,156,800	1,430,500	1,350,000	--	--
	--	--	--	--	--	6,290,500	30 OPERATING AND MAINTENANCE COSTS
	40 ADMINISTRATIVE EXPENSE	13,400	11,500	12,900	11,500	--	--
	41 AIRCRAFT MAINTENANCE	55,500	63,800	67,900	65,000	--	--
	42 ELECTRONIC MAINTENANCE	938,300	957,800	1,005,400	1,055,500	246,900	42 ELECTRONICS PROGRAM
	43 STRUCTURE MAINTENANCE	3,250,800	3,373,400	3,351,900	2,867,700	882,100	43 SHORE UNIT PROGRAM
	45 VESSEL MAINTENANCE	3,605,500	4,044,000	4,178,300	4,615,400	2,417,200	45 VESSEL PROGRAM
	46 OCEAN ENGINEERING EQUIPMENT	--	--	--	736,500	652,000	46 OCEAN ENGINEERING PROGRAM
	54 AMMUNITION AND SMALL ARMS	85,500	50,500	80,800	37,600	98,000	54 AMMUNITION AND SMALL ARMS
	55 RECREATION	--	41,600	52,400	43,100	28,900	55 RECREATION
	56 PERSONNEL TRAINING AND PROCUREMENT	226,300	61,400	62,200	75,200	56,100	56 PERSONNEL TRAINING AND PROCUREMENT
	57 MEDICAL SUPPLIES AND EQUIPMENT	--	15,200	30,700	27,500	28,700	57 MEDICAL SUPPLIES AND EQUIPMENT
	TOTAL OPERATING EXPENSE	9,313,000	9,953,600	10,477,600	11,116,400	10,779,300	TOTAL OPERATING EXPEN
HEADQUARTERS FUNDED ITEMS	20	547,700	535,000	703,900	524,700	626,700	20
	30	--	--	--	--	343,700	30
	41	321,000	300,100	328,900	320,300	612,000	41
	42	270,100	368,800	653,200	590,400	948,100	42
	43	309,200	321,000	337,700	349,200	21,000	43
	45	960,300	1,676,500	622,600	1,230,400	[illegible]	45
	46	--	--	--	26,200	31,100	46
	56	--	131,200	138,700	165,100	171,100	56
	TOTAL HQ FUNDED	2,408,300	3,332,600	2,785,000	3,214,300	4,140,700	TOTAL HQ FUNDED
	GRAND TOTAL	32,034,800	35,487,000	37,185,400	40,800,200	42,858,500	GRAND TOTAL

	SUBHEAD - DISCRIPTION	FY 1967	FY 1968	FY 1969	FY 1970	FY 1971
RESERVE PROGRAM	91 OTHER RESERVE TRAINING EXPENSE	DIFFERENT ACCOUNTING METHOD	33,900	31,900	52,400	65,900
	92 RESERVE INACDUTRA EXPENSE		23,500	27,800	28,800	19,200
	93 RESERVE ACDUTRA EXPENSE		359,900	348,600	405,700	362,300
	TOTAL RESERVE EXPENSE		417,300	408,300	486,900	447,400

	PROJECT DISCRIPTION	FY 1967	FY 1968	FY 1969	FY 1970	FY 1971
A.C. & I. PROJECTS	ADMINISTRATIVE EXPENSE DIRECT	116,000	129,400	129,500	148,200	86,800
	VESSELS	1,037,600	18,900	275,700	67,100	22,500
	AVIATION FACILITIES	835,800	742,300	(1,799,900)	2,687,100	712,600
	SURVEY & DESIGN - VARIOUS FACILITIES	--	--	116,600	95,100	100,100
	MISCELLANEOUS URGENT AIDS TO NAVIGATION	134,600	85,800	79,400	19,400	43,100
	SELECTED AIDS TO NAVIGATION	48,100	87,500	79,100	34,700	--
	ALTERATION OF BRIDGES	--	--	--	--	--
	PUBLIC FAMILY QUARTERS	50,800	400,600	318,800	31,800	[illegible]
	LIGHTHOUSE AUTOMATION & MODERNIZATION (LAMP)	--	92,800	22,700	1,800	57,800
	SHORE STATIONS & OTHER NAVIGATIONAL AIDS	527,500	825,900	847,200	1,408,800	706,400
	REPAIR & SUPPLY FACILITIES	313,800	103,500	--	490,900	612,100
	TOTAL A.C. & I.	3,064,200	2,462,800	69,000	5,004,900	[illegible]

Source: U. S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports for Fiscal Year 1971, (Comptroller Memorandum f-7132, August 11, 1971).

TABLE IV-12



FIRST COAST GUARD DISTRICT - [illegible] - PROGRAM MANAGEMENT REPORT : SUMMARY OF PROGRAMS
UNIT TARGETS versus ACTUAL COSTS for the period 1 JULY 1970 through 30 JUNE 1971 Date: 11 AUG 1971

		TARGET					ACTUAL COSTS				
PROGRAM		DISTRICT FUNDED	UNIT FUNDED	REPROGRAM	ONE - TIME TRANSFERS	TOTAL	ACCRUED EXPENSE	UNDELIVERED ORDERS	TOTAL	DEVIATIONS IN EXCESS OF 10 %	MEASURE OF PERFORMANCE
SEARCH AND RESCUE	SAP	595,690	752,500		73,784	1,421,974	1,545,540	79,656	1,625,196		
DOMESTIC ICEBREAKING	[illegible]	42,620	28,220		2,315	73,155	65,168	1,533	66,701		
[illegible] AIDS TO NAV	AN	714,960	514,575		49,752	1,279,287	1,382,875	24,929	1,407,804		
[illegible] A	LA	25,300	77,680		31,241	134,221	105,632	43,630	152,262		
[illegible] C	LC	55,820	38,790		13,350	107,950	105,948	2,049	106,997		
PORT SAFETY AND SECURITY	PSS	13,200	19,520		3,185	35,905	56,110	317	56,427		
OCEAN STATION	OS	541,040	796,400		123,599	1,761,039	1,683,554	164,771	1,848,325		
[illegible]		165,300	164,700		13,946	343,946	300,821	20,761	321,562		
[illegible]	A	30,900	33,700		925	65,525	72,721	4,410	77,131		
[illegible]	[illegible]	17,800	4,180			21,980	19,228		19,228		
[illegible]	[illegible]	12,400	3,880		2,730	19,010	10,050	205	10,255		
[illegible]	[illegible]	15,120	7,200			22,320	23,392	192	23,584		
[illegible]	[illegible]	12,400	14,000		7,300	33,700	23,438	1,787	25,225		
GENERAL ADMINISTRATION	GA	413,350	149,490		52,025	614,865	700,187	9,064	709,251		
OPERATING EXPENSE PROGRAM ACCTS SERVICE-WIDE PROGRAM ACCTS RESERVE PROGRAM ACCTS							104,598 54,888 11,611		104,598 54,888 11,611		
[illegible] TOTAL		2,955,900	2,604,825		374,152	5,934,877	6,269,761	353,304	6,623,065		

page ___ of ___

Source: U. S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports for Fiscal Year 1971, (Comptroller Memorandum f-7132, August 11, 1971).

TABLE IV-13

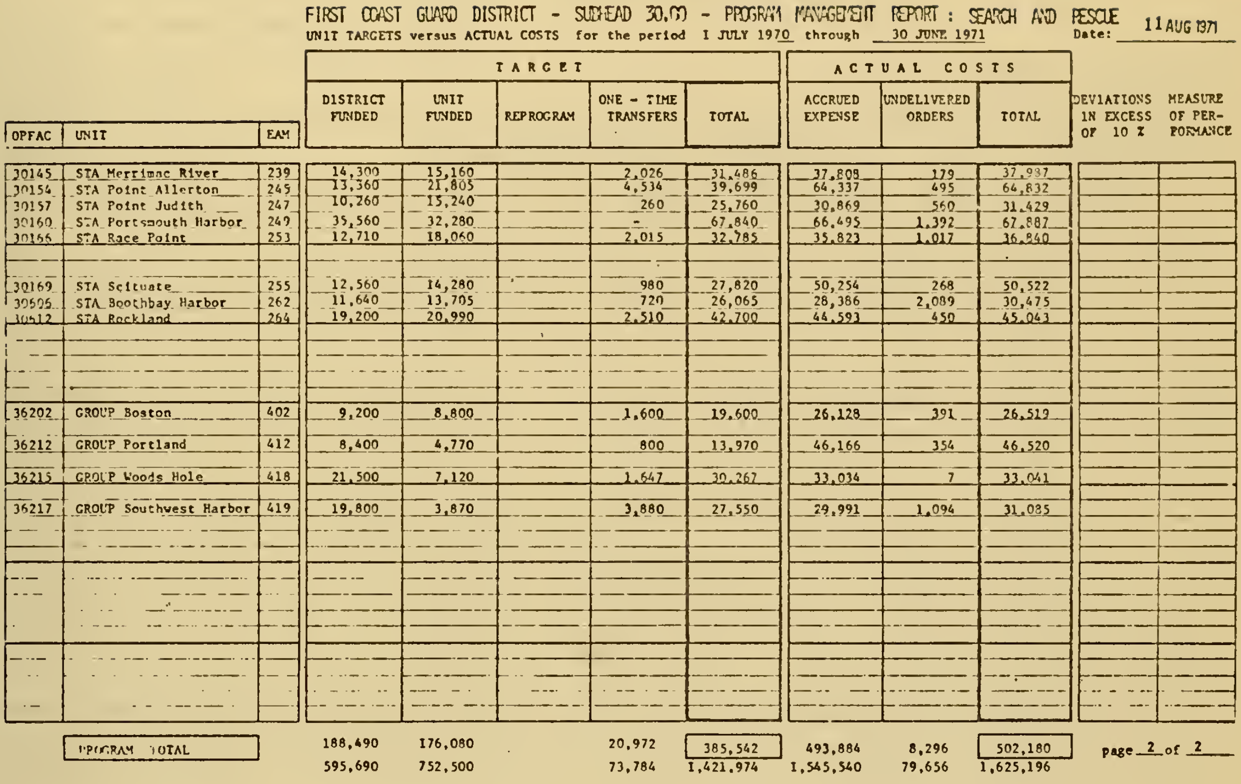
FIRST COAST GUARD DISTRICT - SUBHEAD 30.00 - PROGRAM MANAGEMENT REPORT : SEARCH AND RESCUE
UNIT TARGETS versus ACTUAL COSTS for the period 1 JULY 197_ through 30 JUNE 1971 Date: 11 AUG 1971

OPFAC	UNIT	EAM	TARGET: DISTRICT FUNDED	TARGET: UNIT FUNDED	TARGET: REPROGRAM	TARGET: ONE - TIME TRANSFERS	TARGET: TOTAL	ACTUAL COSTS: ACCRUED EXPENSE	ACTUAL COSTS: UNDELIVERED ORDERS	ACTUAL COSTS: TOTAL	DEVIATIONS IN EXCESS OF 10 %	MEASURE OF PERFORMANCE
12103	VIGILANT WMEC 617	123	54,660	47,750		2,930	105,340	104,067	3,827	107,894		
12104	ACTIVE WMEC 618	124	52,100	45,835		3,072	101,007	88,346	1,723	90,069		
12115	DECISIVE WMEC 629	125	45,900	40,290		5,500	91,690	79,683	3,935	83,618		
13137	CAPE GEORGE WPB 95306	133	13,650	10,905			24,555	28,718	179	28,897		
13121	CAPE CROSS WPB 95321	134	13,940	8,670		2,000	24,610	19,425	240	19,765		
13122	CAPE HORN WPB 95322	135	10,390	8,540		405	19,335	21,933	336	22,269		
13247	PT. BONITA WPB 82347	141	11,890	5,300		815	18,005	16,964	677	17,641		
13255	PT. HANNON WPB 82355	142	9,490	5,600		1,615	16,705	14,952	651	15,603		
13261	PT. TURNER WPB 82365	137	12,240	7,010			19,250	26,214	74	26,288		
13278	PT. JACKSON WPB 82378	143	9,690	5,200			14,890	11,738	624	12,362		
20110 20115	CGAS SALEM CGAS CAPE COD	203 205	50,820	288,420		26,505	305,745	286,882	54,801	341,683		
30103	STA Block Island	211	13,060	10,630		1,475	25,165	41,085	219	41,304		
30109	STA Brant Point	215	14,260	16,210		1,230	31,700	33,475	393	33,868		
30115	STA Cape Cod Canal	219	8,860	15,635		450	24,945	29,284	259	29,543		
30121	STA Castle Hill	223	10,100	18,830		1,900	30,830	32,583	389	32,972		
30124	STA Chatham	225	19,740	22,370			42,110	51,270	856	52,126		
30130	STA Fletchers Neck	229	6,530	7,765		50	14,345	16,122	41	16,163		
30133	STA Gay Head	231	9,870	16,550			26,420	26,105	367	26,472		
30136	STA Gloucester	233	14,460	19,370		4,135	37,965	61,798	203	62,001		
30141	STA Jonesport	241	16,990	20,330		730	38,050	43,692	1,267	44,959		
30142	STA Kennebec River	237	8,560	15,160			23,720	18,390	199	18,589		
	PROGRAM TOTAL		407,200	576,420		52,812	1,036,432	1,051,656	71,360	1,123,016		

page 1 of 2

Source: U. S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports for Fiscal Year 1971, (Comptroller Memorandum f-7132, August 1971).

TABLE IV-14



FIRST COAST GUARD DISTRICT - SUBHEAD 30.00 - PROGRAM MANAGEMENT REPORT : SEARCH AND RESCUE

UNIT TARGETS versus ACTUAL COSTS for the period 1 JULY 1970 through 30 JUNE 1971 Date: 11 AUG 1971

			TARGET					ACTUAL COSTS				
OPFAC	UNIT	EAM	DISTRICT FUNDED	UNIT FUNDED	REPROGRAM	ONE - TIME TRANSFERS	TOTAL	ACCRUED EXPENSE	UNDELIVERED ORDERS	TOTAL	DEVIATIONS IN EXCESS OF 10 %	MEASURE OF PERFORMANCE
30145	STA Merrimac River	239	14,300	15,160		2,026	31,486	37,808	179	37,987		
30154	STA Point Allerton	245	13,360	21,805		4,534	39,699	64,337	495	64,832		
30157	STA Point Judith	247	10,260	15,240		260	25,760	30,869	560	31,429		
30160	STA Portsmouth Harbor	249	35,560	32,280		-	67,840	66,495	1,392	67,887		
30166	STA Race Point	253	12,710	18,060		2,015	32,785	35,823	1,017	36,840		
30169	STA Scituate	255	12,560	14,280		980	27,820	50,254	268	50,522		
30505	STA Boothbay Harbor	262	11,640	13,705		720	26,065	28,386	2,089	30,475		
30512	STA Rockland	264	19,200	20,990		2,510	42,700	44,593	450	45,043		
36202	GROUP Boston	402	9,200	8,800		1,600	19,600	26,128	391	26,519		
36212	GROUP Portland	412	8,400	4,770		800	13,970	46,166	354	46,520		
36215	GROUP Woods Hole	418	21,500	7,120		1,647	30,267	33,034	7	33,041		
36217	GROUP Southwest Harbor	419	19,800	3,870		3,880	27,550	29,991	1,094	31,085		
	PROGRAM TOTAL		188,490	176,080		20,972	385,542	493,884	8,296	502,180	page 2 of 2	
			595,690	752,500		73,784	1,421,974	1,545,540	79,656	1,625,196		

Source: U. S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports for Fiscal Year 1971, (Comptroller Memorandum f-7132, August 11, 1971).

TABLE IV-15

FIRST COAST GUARD DISTRICT - SUBHEAD 30 - PROGRAM MANAGER'S REPORT

TOTAL UNIT TARGET VERSUS TOTAL COSTS

CUMULATIVE QUARTERLY REPORT

FISCAL YEAR 1972

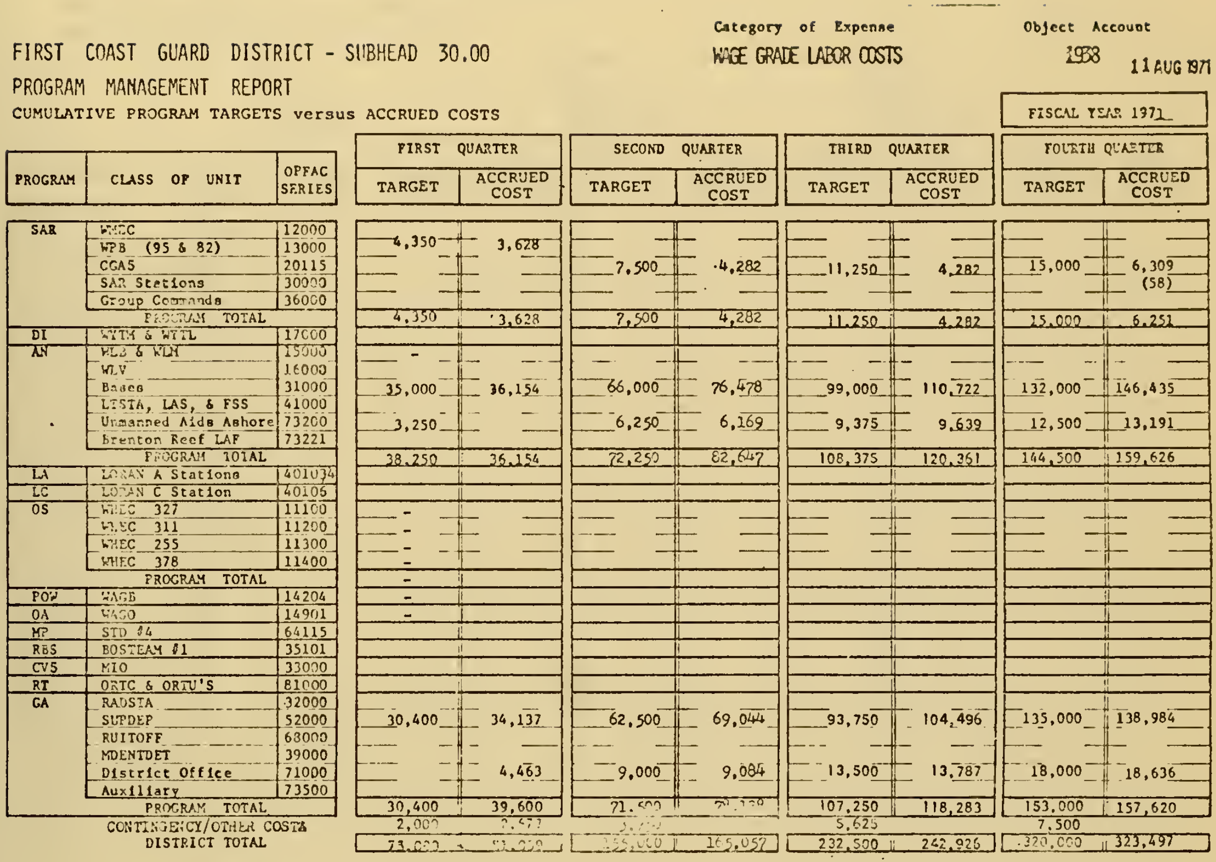
DATE: ____________

PAGE: _____OF_____

OPFAC	NAME OF UNIT	EAM	GROUP	ANNUAL TARGET			TOTAL TARGET	TOTAL COSTS INCURRED THIS FY
				DISTRICT CONTROLLED	UNIT CONTROLLED	ONE-TIME TRANSFERS		

Source: U. S. Department of Transportation, First Coast Guard District, new report form implemented for Fiscal Year 1972 for the Program Manager's Report.

TABLE IV-16



FIRST COAST GUARD DISTRICT - SUBHEAD 30.00
PROGRAM MANAGEMENT REPORT
CUMULATIVE PROGRAM TARGETS versus ACCRUED COSTS

Category of Expense
WAGE GRADE LABOR COSTS

Object Account
1938

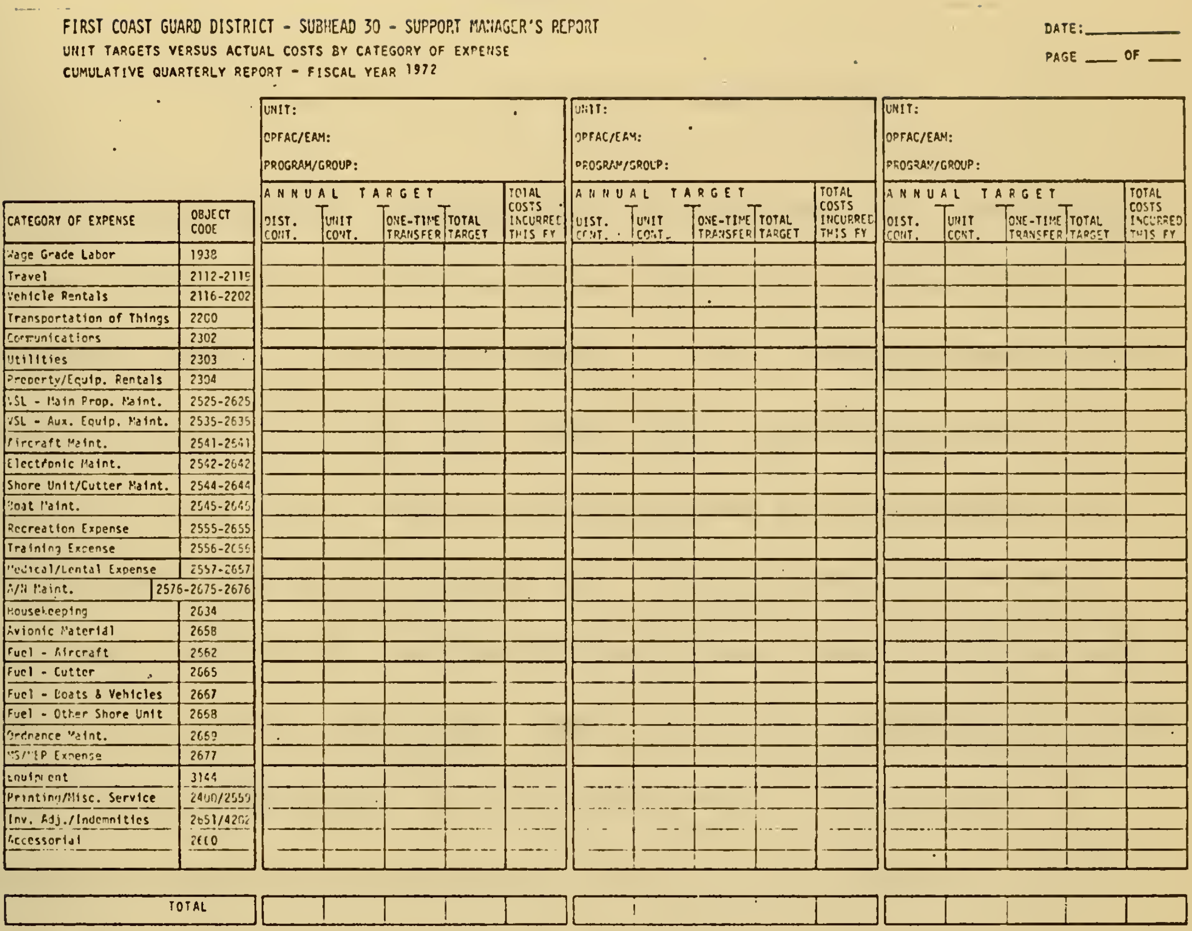
11 AUG 1971

FISCAL YEAR 1971

PROGRAM	CLASS OF UNIT	OPFAC SERIES	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER	
			TARGET	ACCRUED COST	TARGET	ACCRUED COST	TARGET	ACCRUED COST	TARGET	ACCRUED COST
SAR	WMEC	12000								
	WPB (95 & 82)	13000	4,350	3,628						
	CGAS	20115			7,500	4,282	11,250	4,282	15,000	6,309
	SAR Stations	30000								(58)
	Group Commands	36000								
	PROGRAM TOTAL		4,350	3,628	7,500	4,282	11,250	4,282	15,000	6,251
DI	WYTM & WYTL	17000								
AN	WLB & WLM	15000	-							
	WLV	16000								
	Bases	31000	35,000	36,154	66,000	76,478	99,000	110,722	132,000	146,435
	LTSTA, LAS, & FSS	41000								
	Unmanned Aids Ashore	73200	3,250		6,250	6,169	9,375	9,639	12,500	13,191
	Brenton Reef LAF	73221								
	PROGRAM TOTAL		38,250	36,154	72,250	82,647	108,375	120,361	144,500	159,626
LA	LORAN A Stations	401034								
LC	LORAN C Station	40106								
OS	WHEC 327	11100	-							
	WHEC 311	11200	-							
	WHEC 255	11300	-							
	WHEC 378	11400	-							
	PROGRAM TOTAL		-							
POW	WAGB	14204	-							
OA	WAGO	14901	-							
MP	STD #4	64115								
RBS	BOSTEAM #1	35101								
CVS	MIO	33000								
RT	ORTC & ORTU'S	81000								
GA	RADSTA	32000								
	SUPDEP	52000	30,400	34,137	62,500	69,044	93,750	104,496	135,000	138,984
	RUITOFF	68000								
	MDENTDET	39000								
	District Office	71000		4,463	9,000	9,084	13,500	13,787	18,000	18,636
	Auxiliary	73500								
	PROGRAM TOTAL		30,400	39,600	71,500	[illegible]	107,250	118,283	153,000	157,620
	CONTINGENCY/OTHER COSTS		2,000	[illegible]	[illegible]		5,625		7,500	
	DISTRICT TOTAL		73,000	[illegible]	155,000	165,057	232,500	242,926	320,000	323,497

Source: U. S. Department of Transportation, First Coast Guard District, Subhead 30 Operating and Maintenance Costs, Management Reports for Fiscal Year 1971, (Comptroller Memorandum f-7132, August 11, 1971).

TABLE IV-17



FIRST COAST GUARD DISTRICT - SUBHEAD 30 - SUPPORT MANAGER'S REPORT
UNIT TARGETS VERSUS ACTUAL COSTS BY CATEGORY OF EXPENSE
CUMULATIVE QUARTERLY REPORT - FISCAL YEAR 1972

DATE: ______
PAGE ___ OF ___

		UNIT:					UNIT:					UNIT:				
		OPFAC/EAM:					OPFAC/EAM:					OPFAC/EAM:				
		PROGRAM/GROUP:					PROGRAM/GROUP:					PROGRAM/GROUP:				
		ANNUAL TARGET				TOTAL COSTS INCURRED THIS FY	ANNUAL TARGET				TOTAL COSTS INCURRED THIS FY	ANNUAL TARGET				TOTAL COSTS INCURRED THIS FY
CATEGORY OF EXPENSE	OBJECT CODE	DIST. CONT.	UNIT CONT.	ONE-TIME TRANSFER	TOTAL TARGET		DIST. CONT.	UNIT CONT.	ONE-TIME TRANSFER	TOTAL TARGET		DIST. CONT.	UNIT CONT.	ONE-TIME TRANSFER	TOTAL TARGET	
Wage Grade Labor	1938															
Travel	2112-2115															
Vehicle Rentals	2116-2202															
Transportation of Things	2200															
Communications	2302															
Utilities	2303															
Property/Equip. Rentals	2304															
VSL - Main Prop. Maint.	2525-2625															
VSL - Aux. Equip. Maint.	2535-2635															
Aircraft Maint.	2541-2641															
Electronic Maint.	2542-2642															
Shore Unit/Cutter Maint.	2544-2644															
Boat Maint.	2545-2645															
Recreation Expense	2555-2655															
Training Expense	2556-2656															
Medical/Dental Expense	2557-2657															
A/N Maint.	2576-2675-2676															
Housekeeping	2634															
Avionic Material	2658															
Fuel - Aircraft	2562															
Fuel - Cutter	2665															
Fuel - Boats & Vehicles	2667															
Fuel - Other Shore Unit	2668															
Ordnance Maint.	2659															
MS/MEP Expense	2677															
Equipment	3144															
Printing/Misc. Service	2400/2559															
Inv. Adj./Indemnities	2651/4202															
Accessorial	2610															
TOTAL																

Source: U. S. Department of Transportation, First Coast Guard District, new report form implemented for Fiscal Year 1972 for the Support Manager's Report.

CHAPTER V

A SURVEY OF THE FIELD COMPTROLLERS

To gain better insight into the problems and operations as they exist, the author surveyed the Field Comptrollers of the Coast Guard to ascertain some of their feelings concerning Subhead Thirty. It was also hoped that information could be obtained which would show how the program has developed thus far and what the major factors in its development have been. The final section of the questionnaire was aimed at obtaining subjective inputs concerning some of the non-quantitative areas of financial management in the Coast Guard. The return of the questionnaires was accomplished with an unexpected 93.34 per cent. Because all Field Comptrollers at the District level were surveyed, a return percentage of better than ninety per cent allows for a nearly perfect analysis, without need for sample size adjustment. A copy of the questionnaire can be found in the appendix of this study.

Progress Toward Total Implementation of Subhead Thirty

Each of the Comptrollers was asked to evaluate the level to which his district had implemented the program within the guidelines established by the Commandant. It was first thought

that the reports would all claim 100 per cent, because of the normal attitude of self-preservation. From actual results the program is now 84.6153 per cent operative, ranging from 50 per cent to 100 per cent. In commenting on the progress attained in their districts many Comptrollers cited various reasons for falling short of the final goal. These ranged from indifference on the part of other staff members to actual resistance from their fellow officers. The biggest single cause of failure in attaining full implementation was the short time frame given the districts to establish the program. Most of the Comptrollers felt that lack of sufficient time to develop the format and organization of the program at the local level proved a severe deterrent to success. As was noted earlier, the formal notice to implement the program was received by the District Comptrollers late in May, requiring implementation by the first of July. With little more than a month available to them, the Comptrollers had difficulty attaining cooperation from other staff officers in establishing the necessary information base for the program. Another common observation made by the respondents indicated that the rapid turnover of personnel in the field caused a loss of efficiency. The men arriving in the area had insufficient time to learn the job from their predecessors, and even after many months of

familiarization never attained a high level of proficiency due to unexpected transfers or transfers after too short a tour of duty. Most of the replys which indicated this particular shortcoming also cited the fact that many times the transfers are to duties outside the Comptroller's specialty, thus causing a loss of proficiency. Men who are assigned to duty outside finance have little contact with the rapidly changing field of comptrollership, and their level of ability declines proportionately with time. One of the officers replying said that he had been reassigned ten times in eleven years and that most of his assignments had been outside the finance area. He felt that this hampered his ability as a Comptroller even though it made him a "well rounded" officer of value to the service. He stated that the loss of ability in the area of finance more than offset the benefit gained from other experiences.

While the program would have to be qualified as a success judged from the level of attainment, the comments made by the respondents indicate that another look must be taken at the means by which Subhead Thirty was established and the assignment patterns of personnel who must administer to programs of this type.

[illegible]

[illegible]

Adverse Reaction and Resistance to Implementation

When asked whether there was any resistance from the units in the field toward implementation of Subhead Thirty the replies varied from none to moderate. Here, more than any other place in the response pattern, was the timing of the program cited as the greatest deterrent. Districts with units who were operating at sea on extended patrols were unable to inform those units' Commanding Officers of the changes. In addition, those units who were not on extended operations were unable to comprehend the changes taking place in the administration of their programs. Many unit commanders were unsure of their duties under the new program, and the time frame prohibited the clearing of these uncertainties until after implementation.

District staff officers also were a source of resistance. The response range in this category was from no resistance to significant levels. This resistance was experienced from personnel within the office of the Comptroller. Levels of resistance experienced from personnel outside of finance ranged upward from slight to great opposition. In the case of obstinance among personnel assigned to the Comptroller's office the cause appears to have been more a factor of misunderstanding than of inertia. Many of these people were reported to feel that their

jobs were in jeopardy and that the new program would so streamline the operation of the finance program that they would become excess. Restructuring of the financial management operations of the Coast Guard was not intended to reduce the number of jobs or positions needed, but to make the operation of the entire program more efficient. The program was intended to eliminate duplication of effort and assure the effective management of the resources allocated for the various activities of the Coast Guard. Here again the timing of the notification had much bearing on the result. It was reported that if more time had been available to outline the program to staff personnel, the resistance experienced in the Comptroller's office would have been minimized.

In regard to the resistance which was experienced from staff members and officers assigned to duty outside the finance offices, the strongest reported opposition resulted from fear of losing control of the administration of programs. Most program administrators felt that they would lose control of their operations if they did not retain full control over the utilization of funds. Perhaps the largest single effort to stop Subhead Thirty came from the District and Headquarters Engineering Officers. It had become an almost traditional fact that the control of operating funds rested in the offices of

the Engineers. These people had developed a powerful and well organized system of program management. The new program posed a threat, as they saw it, to the power base that had been developed. What was not clear in the early stages of development of Subhead Thirty at the district level was that the new concept would reduce the administrative workload on the engineering personnel and would enable them to get into the field to a position which would better enable them to perform their duties. Once the increased ability of the Engineer to get into the field became apparent the attitudes against the new program began to disolve. At the writing of this paper, most Comptrollers are receiving support for the Subhead Thirty program from the Engineering Branches and Divisions. It was noted in many of the replies that if the support of the engineering personnel had not been forthcoming, the entire Subhead Thirty program would have failed; much as Planning, Programming and Budgeting failed in the civilian agencies of the federal government.

Concerning establishment of the program at the unit level, the range of replies indicated the initial confusion varied between slight and considerable. As has been said many times in earlier sections of this paper, the timing had great bearing on the confusion. Units were unable to be properly

indoctrinated into the operations of the program and, therefore, did not understand it. This lack of understanding was most assuredly a point of contention when it came to the successful utilization of Subhead Thirty. Fortunately, the initial confusion was offset by early troubleshooting on the part of District staff members who formed teams in some areas to instruct Commanding Officers in the operation of the program. Some districts made use of the District Commander's monthly conference with unit commanders as the vehicle to train the field in Subhead Thirty. Whatever the method reported, it was apparently a success as most Comptrollers stated that the initial confusion was no longer present.

The final measurement of resistance tested by the questionnaire was the problem confronted by the Comptroller resulting from his relative lack of seniority when compared to other District staff officers, and in some cases the Commanding Officers of the units within his district. From the replies it is apparent that being junior neither helps nor hinders the Comptroller in the performance of his duty. The overall evaluation of support from fellow officers indicated that the Comptrollers are receiving a significant level of support for new programs. It should be pointed out, however, that two of the reporting Comptrollers indicated that there was only

slight support evident for their programs. With very few exceptions, the replies indicated that the position of Comptroller, more than rank, influenced the actions of the other officers assigned to the staff, and the background and capability of the individual were instrumental in assuring an acceptable level of cooperation.

In summary, the Comptrollers felt that they experienced resistance only as a result of poor timing in the notification and implementation of the program and the resultant misunderstandings. While some commented on the inadequacy of the information promulgated by headquarters, the number who indicated this as a major detractor to success was insignificant.

The Measurement of the Success of the Program

When asked to comment on the comparison of the old and new system of financial management, it was indicated that there was a significant improvement in the results of program administration under the new concept. The information available under Subhead Thirty was more easily understood by the Commanding Officers, Comptrollers, Program Managers, and Support Managers. Nearly all of the replies indicated that there was a much greater understanding of the overall administration of all District programs than had been attained before.

When asked to evaluate the efficiency of Subhead Thirty, the Comptrollers felt that there had been a considerable improvement in the efficient use of resources. This was qualified by some who indicated that the first year's operation might not be a valid guide for measurement as the administration of Subhead Thirty had undergone a tremendous amount of change and "public" awareness of the new program was at its peak. It was said that a more valid measure of the operation could be done only after the initial "glamour" had worn off, perhaps as long as three or four years after inception. In general the operation was more efficient in that the duplication of effort was reduced and the supervision of programs could be more effectively accomplished. Most Comptrollers, and those Program Managers who commented on the efficiency, indicated that the ability of personnel to get into the field and out from under the burden of administrative workloads was the greatest benefit. For the first time many managers were able to get to the heart of their programs and thus able to be more effective in dealing with problems.

A Cross Section of the Typical Respondent

Part Two of the questionnaire delt with the general classification of personnel who responded, and with their personal feelings toward financial management programs in

general. This was intended to give greater depth of value to the first section and a better understanding of the attitudes which resulted in the earlier responses.

The average respondent to the questionnaire filling a Comptroller billet in a Coast Guard District is a Commander who, in sixty per cent of the cases, did not graduate from the Coast Guard Academy. Two-thirds of the Comptrollers hold college degrees, and fifty per cent have received some form of specialized training or postgraduate education. Of those who have received training in the special or postgraduate categories, all felt that the education has benefited them and that it has been useful in the performance of their duties.

A surprising seventeen per cent of all respondents indicated they felt postgraduate education was not beneficial to the service. The most explicit reply in this category stated that, "too much time must be spent in nuts and bolts, since the organization of the Comptroller staff is presently inadequate for much use of p.g. training." Another comment followed the same line, pointing out that the time spent in administrative work by the Comptroller prohibits him from making full use of his talents in the management of resources.

With one notable exception, the average Comptroller has been in his current assignment for fourteen months. The one

[illegible]

[illegible]

[illegible]

[illegible]

exception, because of special circumstances, has been in the billet for five years. Generally it was pointed out that too little time was spent in an overlapping period with the predecessor to adequately gain a firm grasp of the peculiarities of the local operation. One-third of the respondents indicated that they thought the assignment practices in the Comptroller field were inadequate. Also, they thought that there was too much rotation into and out of the field to benefit the man filling the position. Complaints were also noted which show a concern for the tendency to "plug the hole" in choosing personnel for duties. Some hope was held out by nearly all of the Comptrollers in that they saw an improved attitude at the Headquarters level; an attitude change which will hopefully result in more selective assignment practices and a more effective career pattern development for the people in the field of financial management.

It is interesting to note that when each of the men in the Field Comptrollers survey were asked to furnish a definition of financial management, there were as many different interpretations of the term as there were respondents. This may be an indication that the Coast Guard has not yet developed a singular definition of what financial management is. On the other hand it may be the result of misinterpretation of the

established definition. The Commandant has stated that financial management is:

> To provide financial management data and supply support needed by the commands, staffs, operating units, and associated support activites performing Coast Guard missions; and to provide to all personnel the pay and support services that build morale and enhance retention of trained and skilled members.[1]

It is interesting that only a few of the representatives in the field gave definitions which follow this directive. Among the wide range of definitions offered, the following are quite typical:

> Financial management is the control of the use of available resources through budgeting, fiscal reporting and cost analysis techniques which present costs compared to operations and performance in meaningful and useful terms.
>
> Attaching the dollar significance to all RESOURCES and making trade-offs to be most cost effective.
>
> Financial management is the art of advising top management as to how it best should expend its financial resources. The financial manager must have means available whereby he can collect and analyze fiancial and other data, to assure that management has the best information available on which he must make the operational decision.
>
> The planning, organizing, directing, coordinating and controlling of all types of financial resources to achieve defined objectives and goals.

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[1] U. S. Department of Transportation, Coast Guard, Commandant Instruction 5000, Comptroller Program Objectives and Associated Policy, December 15, 1971.

> The efficient use of available resources.
>
> The art and science of developing and executing a budget which:
> (1) equates funds available to programmed priorities,
> (2) assures fiduciary integrity.
>
> An overt attempt to insure the efficient expenditure of goods and services.
>
> The effective control of funds to accomplish approved programs.[1]

None of the definitions given by members of the Coast Guard's Field Comptroller group can be said to be wrong; at least not in the entirety. Perhaps the best of all definitions for financial management within the Coast Guard should include all of the definitions obtained from the field, enjoined with the definition put forward by the Commandant. It is clear from the results of the survey that some effort must be expended to attain a more precise understanding of what is meant by and expected of financial management as it applies to the Coast Guard, as well as in the general sense.

Along this same line comments were solicited concerning the ability of the Coast Guard to quantify the missions, and using the results therefrom, to make better utilization of

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[1] From survey questionnaires returned by Field Comptrollers to the author. All questionnaires were unsigned, and responses are therefore from anonymous sources.

resources a more attainable goal. It was the general consensus that quantification is possible, but only with considerable difficulty. Prime examples of difficult areas of quantification might be the value placed on a life saved or the dollar benefit of an aid to navigation to the individual user. If it were possible to place a set value on the life of a person, who is the object of an extensive search effort, should the search be discontinued once that value ceiling is reached? It was around this point that most of the quantification comments were situated. Most of the field indicated that until some form of value is placed on life, the overall quantification of cost and return cannot be established.

In addition, the Coast Guard is made up of multi-mission units which perform many different functions simultaneously. How much of the total cost of operating each of these units should be allocated to each mission or program is open to debate. It appears that service managers have less difficulty in determining the allocation of costs among the various missions and programs than they do in determining the "return" or benefit derived. It was put forward that the allocation of costs could be most easily accomplished by assigning values to the man-hours expended in each mission area. Those men who are part of the ship's company, but not involved directly in the

operation or mission being performed, would be assigned a cost similar to the overhead applications in private industry. Based on the percentage of resources allocated to a mission, an allocation of costs is useless as "low return" areas might be given a disproportionate share of the resources. In general the field managers did not see a truly effective allocation program as readily attainable under the currently established program of financial management.

The Field Comptrollers' Recommendations for the Future

The last portion of the questionnaire, still within Part Two, was intended to solicit the opinions from the field which would indicate its desires or attitudes concerning the future in such areas as policy, techniques, and general expansion of the current programs. In addition, the Comptrollers were asked to elaborate on obstacles which were apparent to them in regard to the betterment of the overall Coast Guard financial management program.

In response to the question, "What must the Coast Guard do to make full use of financial management techniques?", the pattern established in the definition of financial management was restated. The dispersion in this area was a little less severe and most of the comments delt with improving the capability of personnel in the field through various educational

programs. More clarity in the instructions and notices to the field was also a common area of concern. The following responses are given to indicate some of the more comprehensive approaches:

> Insure that management realizes the importance of financial management and that the Comptroller is included in all areas of decision-making since almost anything done in the Coast Guard initially and/or eventually involves the Comptroller.
>
> Convince operating managers that the road to heaven runs through the Comptroller Division. Input data is available to the decision-making process--but managers are not data oriented and frequently lose their objectivity when navigating by the seat of their pants.
>
> Provide adequate funds to manage properly.
>
> Develop consistent cost data and simultaneously develop reliable quantitative work measurements and display these for management's use.[1]

Policy issues appear to be the most singular in respect to the attitudes advanced by the Comptrollers. Nearly all of them stressed the need for more specialization in the field of financial management and a reduction in the rotation of personnel in and out of the specialty area. In addition, it was recommended that the Coast Guard make more and better use of conferences, seminars, and short duration courses to more ably

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[1] Ibid.

standardize the program of financial management on a servicewide basis. The following quote is from one of the responses and most clearly states the general position of the population:

> Field Comptrollers must become full fledged members of the top management team and top management must be made aware of how important this is. One step toward achieving this end would be to increase the billets in most districts so that the Comptrollers enjoy equal status with other division chiefs.
>
> The Comptroller can make important contributions to the management of the field unit, but to do so he must be kept informed. Regrettably, management information and reporting systems are not formally structured in the District Offices and thus the Comptroller is not always alerted to situations which exist or are created; consequently his advice is frequently not sought when he might have been able to add to the solution of the problem.[1]

In fact, that Comptrollers in the field feel they are left out of much of the management of the Coast Guard was stressed over and over again by the men who replied to the questionnaire. No single area of concern was more evident. The policy regarding the effectiveness of the Comptroller in the processes of management was most severly criticized because it lacked the direction necessary to correct the situation. It must be pointed out, however, that the Coast Guard is currently in a state of flux in the areas of financial

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[1] *Ibid.*

management and managers, and that much of this feeling of "being left out" will be compensated for, or at least diminished to a great degree. New programs such as Subhead Thirty are already having beneficial effect, and the revitalization of the Comptroller's Office has begun to take hold.

Obstacles to the implementation of a sound program of financial management in the Coast Guard, without exception, included: shortages of personnel, inadequate training, inadequate funds or other resources, a rapidly changing set of policy guidelines, general instability of programs, inertia, apathy, and a general lack of experience. These will be discussed in detail.

Personnel Shortages: Both military and civilian, understaffing results in the overburdening of some staff members, with the resultant loss of efficiency. These shortages compound the inadequate training complaint in that the removal of personnel for training results in greater shortages. Because the loss of personnel results in a reduction of overall efficiency, the utilization of educational programs is deferred until a later date. As time passes the need for personnel remains critical and the training requirements increase. A general degradation of the overall program is the end result with its accompanying high rate of turnover and general personnel dissatisfaction.

The final result is apathy and inertia. People become apathetic toward the performance of their jobs and the overall efficiency continues to decline. Inertia, or the resistance to change, becomes apparent and new programs meet with obstinance and opposition. It cannot be said that the personnel in a field where shortages have been allowed over a long time span will always develop in the aforementioned manner, but it is quite common.

Training: The personnel shortages result in a general lack of experience in that adequate personnel are not available to permit a proper overlap between old and new personnel in various jobs. Shortages of men outside the Comptroller field require that Comptrollers be assigned to duty in areas out of their specialty. While rotation of assignments throughout the service makes for a "well rounded" officer, it damages the effectiveness of financial management programs through losses of skills and knowledge which result from lack of practice. The lack of a continuum of experience causes an amplification of the difficulties which result from rapid changes in the policies and the implementation of new programs.

Policy: The primary outgrowth of the rapid changes in policy is uncertainty. Because people are never fully aware of the programs that they are supposed to operate, they never are able

to make improvements to them. Field Comptrollers recommend that some conservatism be applied in the development of new programs, particularly in their timing to facilitate stability and a more realistic evaluation of effectiveness.

Resources: All the previously mentioned problem areas are compounded by the general lack of sufficient funds or other resources. Without resources any management scheme is doomed to fail. The latest changes in the overall financial programs of the Coast Guard are intended to give the service the means to make optimum use of the resources available. Once the effective utilization of allocated resources has become a reality, the service can begin to make "reasonable and justified" requests for additional funds. The Congress of the United States has become more and more critical of the inefficient operation of the federal establishment, and the Coast Guard has come into its share of the overall criticism. Field Comptrollers feel that this will be turned around as the current program and those proposed to succeed it are implemented and evaluated. The majority of the men in the field feel that Subhead Thirty is a good start, but that it must be only the first step in a continuing program of improvement in the field of financial management.

The most significant comment regarding the Coast Guard's policies and programs for the future was a recommendation that it "continue on its present course."[1] It was the opinion of many of the field Comptrollers that the current momentum and leadership is outstanding and that the future is indeed bright for financial management in this branch of the government. Recommendations for the future include the allocations for District and Headquarters' operations and to reduce the total number of allotment accounts in the service to an absolute minimum. An enhancement of the position of the Comptroller at all levels is beginning to take place and the field is of the opinion that this cannot hurt the betterment of the overall Coast Guard program.

Interviews with senior staff members at Coast Guard Headquarters indicate that the service is indeed not static in the area of improvement. Plans are being developed which will eventually lead to an overall program of improved resource management. The basic format for decision-making at the local and district levels has been implemented and proven a success. The next step is to involve all decision makers in the system to optimize the utilization of resources. Investments in

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[1] Ibid.

missions and new areas of operations are now being given a thorough review based on some of the principles of financial management. Shifting of billet levels within the Comptroller organization is currently underway and will result in a reduction in the imbalances of responsibility and authority which currently exist in some areas. A general program to improve the overall quality of personnel in the financial management area is underway through the use of postgraduate education programs and correspondence courses. A service-wide "Comptroller Newsletter" has been implemented as a sounding board of policy and procedure. Field Comptrollers are encouraged to take an active part in the publication of this newsletter, and the response has been favorable.[1]

Subhead Thirty and programs like it are making the field Comptroller a valuable part of the management team. Acting in the capacity of Financial Manager to the District Commander, the Comptroller is being involved in more and more of the processes of management. The Program Managers are more involved in the operation and management of programs and the administrative workload has been shifted to the proper location.

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[1] Captain Herbert E. Lindemann, Assistant Comptroller of the Coast Guard, private interview held at U.S. Coast Guard Headquarters, Washington, D.C., January 1972.

Duplication of effort and the resulting losses in efficiency are being minimized by concentrating the funds allocated for a unit into a single account for that unit. The Commanding Officer is now given the financial responsibility commensurate with the responsibility and authority of command.[1]

Interviews and questionnaires both indicated that the Coast Guard is currently in a period of great flux and that the future appears much more promising than at any time in the past. The largest contributor to success in any program can be nothing short of the performance of the individual member of the organization, upon whom the burden of performance rests. Every member of an organization who is related to the financial management program must take every opportunity to improve his skills and to insure that the information gained through these opportunities is utilized to the fullest. The mere pretense of efficiency is no longer a valid viewpoint for measuring the effectiveness of a program. The operation of any program must be evaluated solely on the results it obtains and those results are only possible through the efforts of each individual.[2]

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[1] Captain James E. Gracey, Chief of Programs Division for U.S. Coast Guard Chief of Staff, private interview held at U.S. Coast Guard Headquarters, Washington, D.C., January 1972.

[2] Rear Admiral William M. Harnish, Deputy Comptroller of U.S. Navy, lecture at George Washington University, Washington, D.C., November 29, 1971.

CHAPTER VI

AN IMPLEMENTATION MODEL FOR OPTIMUM EFFICIENCY

What can be done to insure that programs are implemented with a minimization of the losses to inefficient operation or changeover, and to make the effective and successful operation of the new program a reality in the minimum time? In answer to this question a model or set of guidelines is developed in this chapter which makes use of an interdisciplinary approach to the problems of financial management. Before the development of the model it is best to attempt to explain where the model is ultimately to lead, and why. It could be assumed that the implementation of programs in financial management in the federal government is intended to bring about a "maximization of value (or wealth) or the maximization of expected utility."[1] In a business sense the terms value and utility have an entirely different conceptual meaning from their counterparts in the government establishment. In business these terms are used to show the "dollar" amount of worth of the company to the shareholder. In the government no concern is held for the

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[1] J. Fred Weston and Eugene F. Brigham, Managerial Finance, 3rd edition, (New York: Holt, Rinehart, and Winston, 1969), p. 13.

dollar amount. The government is service oriented, and as a political structure it has the overriding responsibility or objective of meeting the needs of the people in non-commercial areas of goods and services. The value of an agency of the government is, therefore, the worth in abstract terms of the missions of that agency to the private individual.

. A rather complete description of what financial management in the federal government actually is has been suggested by the Encyclopedia of Management as follows:

> In its broader aspects, federal Financial Management does not differ too greatly from its counterpart in industry. Like the latter, it is concerned with the complete cycle of financial operations: planning, budgeting, accounting, reporting, and auditing. It also exists fundamentally as an aid to operating management, deriving its chief importance from the vital role it plays in the exercise of management functions. In addition to serving operating management, however, Financial Management in the federal government must meet other inter-related objectives: adequate control over the acts of public officials, and wide dissemination of data on public finance.[1]

By combining the description of what financial management in the federal government is with the idea of maximization of some value, it is possible to develop an approach to the final means of implementation for all programs of financial management.

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[1] Edwin J. B. Lewis, "Federal Financial Management", The Encyclopedia of Management, (New York: Reinhold Publishing Corporation, 1963), p. 218.

Since the federal regulations place the responsibility for all accounting and budgeting systems on the agency head of the particular federal office, all plans or guidelines must include this level of authority or responsibility.[1] In developing the model for the Coast Guard, the Commandant will be the "agency head", although he is technically subordinate to the Secretary of Transportation. In a legal sense, both individuals would probably come under scrutiny if there were a major discrepancy in the accounting or budgeting procedures of the service.

What steps then must be taken to assure that any program will be efficiently and effectively developed to assure a proper solution to any problem? Under the concept of Planning, Programming and Budgeting (PPB) the following steps were developed and proven to be of significant value:

1. Identification of the problem.
2. Development of objectives to solve that problem.
3. Development of the means and alternative means to reach the objectives.
4. Utilization of models to study and evaluate the alternative approaches to the problem.

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[1] Ibid.

5. Establishing costs for the alternatives.
6. Measuring the potential benefits from the alternatives and comparing them against the stated objectives.
7. Establishment of the criteria for choosing between the alternatives.
8. Make the decision of the alternative course of action to be utilized and implement it.[1]

Each step in the list given above will be expanded throughout the remaining portions of this chapter with references being made to the Coast Guard only as they are thought to be beneficial to the overall effect.

Identification of the Problem

Most management texts indicate that this is often the most difficult phase or step in the process leading to a new program. What is it that we want our system to do that it is not now doing? What is it doing now that we don't like? Questions such as these must be asked, rephrased and asked again many times over to enable the manager to arrive at the heart of

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[1] Stephen R. Chitwood, "Development of Efficient Solutions to Problems" (unpublished lecture, The George Washington University, March 1972).

the problem. In the case of Subhead Thirty and the problem which brought it about, the identification was not a major difficulty as it was developed externally by the General Accounting Office. What portions of the overall problem were basic to Subhead Thirty was not in issue since the idea of the new program was to correct the deficiencies.

Development of Objectives

Once the problem has been identified the manager must look at the program possibilities he has open to him to solve it. He may have many different ideas of things that can or must be done to correct or overcome the problem. No limitation on ideas should be imposed at this point and all objective functions that would contribute to the overall goal must be considered. Resource limits, costs, and so on, are inappropriate at this point in the plan. It is in this phase that such objectives as might make up the final objective goals of a project are defined.

In the case of Subhead Thirty in the Coast Guard, there were many objectives which could have been part of the program and that should have been discussed at this stage. Among the objective points that could have been incorporated in Subhead Thirty are: restructuring of the billet assignment program within the Comptroller field; major changes in the procedure of recording and filing account information; a forty per cent

reduction in administrative costs through the streamlining of programs; and so on. Needless to say, none of these was to become an overall objective of the program, but they could have been considered. Why these objectives were not carried through into the finally accepted program will become more evident as this discussion continues. At this stage in the planning of any new program, however, there should be no restrictions placed on the objective functions suggested as long as they will in some way result in the final solution to the problem.

Development of Alternative Means of Solution

Each of the objective functions has one or more means by which it can be accomplished. All of the alternative means for each objective should be explored and, thus, this step is to allow the planner to build as complete a set of alternatives as possible. Here again the consideration of costs or other limitations of that type are not correct. All possible alternatives are needed for all of the possible objective functions. Some alternative approaches will apply to more than one objective. At the other end of the scale there may be many single alternatives that lead to a single objective. If all alternatives and objectives are available to the decision maker, a more effective final output can be arrived at.

If during the development of alternate means to meet the objectives additional objectives are derived, they should also be included in the planning factors as long as they meet the requirements listed above for an objective.

Again, it cannot be too strongly stated that no limitation should be applied to the planning process based on resources, costs, or other "economical" considerations until much later in the decision process toward which a planning program is directed.

Utilization of Models

Mathematical models, probabilities, an a fortiori analysis, sensitivity analysis, and so on, should be applied to each of the alternative solutions developed as means to meet the objective functions. Gaming and the various minimax, maximax, minimin decision processes would be brought into play to allow the planner to arrange his alternative solutions for each objective in such an order as to allow him to make rational decisions between them. It is in this step that objective functions are also structured to enable the manager or planner to achieve the best solution of his problem from the available objectives and alternatives. The considerations of infeasibility, the ability to carry out the alternative means to the objective, are made here for the first time. If the

technology or state of the art is not sufficiently advanced to allow the methods to be developed, there is no course of action open to the decision maker but to reject the course. Proper utilization of models and the various theories which have been developed as a tool for decision-making, coupled with the modern capability in data processing through computers, will enable all decisions to be more sound and realistically possible. A very thorough testing of all acceptable alternatives is a must if the final decision is to be effective.

Establishing Costs for Acceptable Alternatives

Now, for the first time, a price tag may be placed on the approaches being considered. Each alternative has now been subjected to an objective evaluation process without the stigma of costs and they are listed in order from the best to the least satisfactory. Costs are added at this point to allow for further analysis in the next sections of the process of decision. The cost to be applied to each alternative is the total cost of implementing it, plus the operating cost over the life expectancy of the program. If exact implementation or operating costs are not available they should be derived at by estimates. The decision maker must be aware of estimated costs and the criteria by which these were derived to allow him to judge the accuracy of the figures. Accurate costing of projects by estimate or

actual figures is mandatory for the success of any planning. If the costs are not adequately explored, errors in the final product will result in lost effectiveness and efficiency.

Cost evaluations must include such items as additional personnel needs, training needs, retraining needs, hardware and software costs, and all other areas affected by the alternative.

Measuring Potential Benefits

After a "total cost" is applied to each of the alternative approaches to the solution, an analysis of the return can be completed. The most common analysis used in the government is the cost-benefit analysis. This is simply the comparison of the ratio of benefit over cost for each of the alternatives. The actual benefit may be hard to determine and it will be entirely dependent upon the actual variables involved. In the case of a cost reduction program the expected benefits would be the actual costs eliminated by the implementation of the program. If the program has a life expectancy of several years, the stream of benefit should be subjected to some present value adjustment to allow for changes in the economy. Since the government agency is usually not confronted with "cost of capital", some arbitrary figure has traditionally been used. In the historical application of the principles of capital budgeting and planning the individual agency had considerable latitude in determining

the rate of return and cost of capital for each of their projects. There is currently before the Congress a bill which proposes the establishment of a Federal Financing Bank. Among the provisions of this bill is that:

> It provides for advance submission of financing plans and for Treasury approval of method and source of financing, timing, rates of interest, maturities, and all other financing terms . . . [1]

A fixed or pre-established rate of interest will greatly reduce the variety of rates used by the different agencies. The new bill also deals with rates of return, financing, and so on.[2] The debate over the Federal Financing Bank appears to be one that will include considerable controversy, as many agencies feel that they will not adequately benefit from the bank and, therefore, should not be required to participate.

The implementation of the provisions of the Federal Financing Bank bill will greatly standardize the decision process from an economic point of view, as the agencies will all have the same basic data to work with in regard to cost and return. When this becomes a reality, a more adequate means of

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[1] Letter from John B. Connally, Secretary of the Treasury of the United States, to Speaker of the House of Representatives, the Honorable Carl B. Albert, December 9, 1971.

[2] Ibid.

measuring the effectiveness and efficiency of the various government programs will become more a reality.

Within an agency the problem of estimating return for cost-benefit analysis will only be made slightly less complicated. The parameters for the estimation of return will still be difficult to ascertain and quantification of many items will not be feasible. Some method will eventually be brought to the surface for the use of all programmers and planners, but that is beyond the scope of this paper.

Once an agency has applied the costs and done at least an estimated analysis of the return in relation to the cost for each of the alternatives, the road is clear to begin the arrangement of all alternatives on the basis of effectiveness and efficiency as well as cost-benefit and present value. The "guns or butter" concept of decision between alternatives begins to take a part in the laying out of alternatives in logical decision formats and arrays.

Establishment of Criteria

Based on the political and regulated constraints placed on the agency a set of criteria or guidelines is established to facilitate in the decision between alternative courses of action. Be it the development of a major strategic weapons system or a change in an accounting system, it still must be

subject to some criterion evaluation before the acceptance of the project can be made. It should be a general rule within the agency that there will be an overall set of criteria for all decisions and that as each type of decision comes up additional guidance will be developed for that particular set of alternatives. In agencies where the decision process continually is faced with the same type of determination over and over again, a very inclusive set of criteria guidelines could be developed and only minor adjustments would be necessary to them for the current situation. In the case of a large agency whose determinations are seldom of the same type, the general rules will be insignificant compared to the norms established in each case. The norms for an individual case will always outsize the established guidance in cases where there is no previous set of alternatives which fall in the same or a similar category.

Examples of the types of things that could be put in a set of criterion for the choice between alternatives are: a requirement for greater output; least cost constraints; benefit-cost (or cost-benefit) minimum requirements; and a requirement for a prescribed or greater present value over the life of the project. If necessary, the principles of all the above could be included in a single set of criteria.

Make the Decision and Implement the Program

After the criteria for decisions has been established, there is little left except to make the final decision between alternatives and place them into operation. The choice of which one to implement is, by the time the first sections of the procedure have been completed, a matter of judgment. Judgment of which alternative is the best is a matter for each of the responsible parties in the decision process. The use he makes of the information gathered for him throughout the process just outlined will determine the validity of the final decision. It should be obvious that the quality of the final outcome is dependent on the inputs at each and every step of the process. Good inputs will beget good results, and decisions will be sound.

Implementation of the program may be somewhat less difficult than deciding which program to accept. The information derived from the decision-making process is available and should be used as a basis for the instructions and notices which will communicate the final results to the field. Communication of the requirements of a program to all who must live under it and make it work is an absolute essential. The information passed to the field must be clear, well defined, and above all complete in the detail needed to

implement the program. Sufficient time must be allowed members of the field organization to read, digest, understand, and repromulgate as necessary the information contained in the implementing instruction. Without proper timing and the establishment of a realistic timetable, a new program will experience difficulty from the very outset.

A proposed outline for all implementing instructions is included as Exhibit V-1. The outline is intended to give decision managers of all types the tool necessary to transmit their wishes for new projects throughout the organization. It is not intended to be all inclusive nor minimal in nature. It only represents the author's concept of what information should be passed to the organizational parts that will attempt to make a new program or project effective and efficient in its operation.

EXHIBIT VI-1

PROPOSED PROJECT IMPLEMENTATION LETTER

From: (Individual, by title, responsible for decision)

To: (All personnel who have need to understand program)

Subject: (abbreviated, no more than one sentence, title for project)

1. Problem: A brief description of the events or things that led up to a change being required. Without overstressing the shortcomings, a complete and brief presentation should cover the problem areas to be acted upon.

2. Objectives: The objectives or goals which were accepted by the decision maker as being necessary for the correction of the problem. Objectives not directly bearing on the problem should not be discussed, even if they were to have a beneficial result on the overall operation of the agency.

3. Means: How the objectives are going to be reached. This should be as complete as necessary for full understanding by those needed to make the program work. A test of the wording of this section could be easily done by sending advanced copies to the field and asking for comments.

4. Time and Schedules: An all inclusive listing of the times, dates, etc., that each step is to take. This section must be detailed and show the "benchmarks", the requirements for percentage of implementation, and the cumulative requirements being placed on each office, as well as each portion of the project.

5. Feedback and Adjustment: What provisions have been established for the adjustment of the means of the program based on the actual results obtained and how can the field personnel make their recommendations known to the central decision point.

6. Miscellaneous Information: Definition of new terms, diagrams, analysis results, or anything that will make the implementing of the new program easier for the men involved in the actual doing.

SIGNATURE

(The signature of the person making the decision should be affixed to the original copy of the instruction in cases of major importance. A signature "By Direction" should not be used except in cases where the decision was also made "By Direction", and then an indication should indicate who gave the "Direction".)

CHAPTER VII

CONCLUSIONS AND RECOMMENDATIONS

Financial management is coming into an era of greater importance and growth. The business community today is more aware of the need for good, sound financial management as a means of attaining the goals or objectives of the firm. The day of the "green eye shade accountant" is past. Management now knows that money and its related costs can benefit or deter a company's operations. Management of this is now recognized on the same level as personnel, production, or sales management. In fact, some firms have placed finance senior to most, if not all, other staff and line functions.

All departments and agencies of the federal government are becoming more and more dependent upon the principles of financial management. As Congressional and political pressures exerted by the voters place more stringent constraints on the resource allocations available to the government manager, his talents in managing these assets will become prominent. Today, for example, the Department of Defense is receiving a significantly smaller percentage of the overall budget than at any time in the past. While the actual dollar amount has not

been cut, in fact it is slightly larger for Fiscal Year 1973 than for 1972, the actual buying power may be considerably less as a result of inflation. In the near future it is conceivable that agencies of the government could see drastic reductions in the total obligation authority that is authorized for their operations. It is not beyond the realm of possibility that major shifts in government spending will have a major effect on all agencies and their financial management. It is even possible that there could be an across the board cut in total government expenditure coupled with an increased emphasis for economy and efficiency.

To insure that the effects of any major shift in the pattern of government spending have the minimum of adverse effect on the agency there is a requirement that finance and financial management be given a long hard look. There is today a growing need for improved programs of financial management in all sectors of the government and there is no indication that the pressures that brought that need into existance will subside in the near future. How the United States Coast Guard has acted to meet this need has been the thrust of this report. Subhead Thirty may not have been the first shift toward a better system or structure for financial management, but it was the first major program put forth for that singular purpose.

The Research Questions

In response to the primary research question the information gathered for this paper has indicated that the concept of the United States Coast Guard's Subhead Thirty program is valid and applicable as a means to achieve better financial management in a government agency. The idea of placing the financial authority and responsibility at a lower level of operation is basically sound. In the business sector much use is made of the idea of decentralization with ultimate financial authority resting in the local manager or division head. Many times in the past, authors have stressed the need for fiscal and financial control that is free from the confines of central authority and which allows the operating unit to be more effectively managed. The private sector has made considerable use of this tenet for many years and it is encouraging to note the strides that government is taking to follow suit.

The present program for financial management under Subhead Thirty enforces decentralization. In addition, the program has brought about a streamlining of the reports and accounts structure in such a way as to maximize the utilization of managerial talents. The old system, with poorly defined accounts and over controlled central decision points, was at once cumbersome and unworkable. Subhead Thirty may not prove

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itself the panacea for all of the Coast Guard's problems in the field of financial management, but it has proven to be a good first step and a good foundation on which to build. It has fostered a new awareness of the importance of financial management within the service and the soundness of its principles.

Field Comptrollers are now more aware of their functions and therefore more active in the management of Coast Guard resources. The general attitudes expressed by the men in the field show support for Subhead Thirty and indicate that they feel the service will benefit from an improvement in the management and decision making processes. The concepts of financial management are becoming important at all levels of the service and a surge of renewed interest in the decision making process is taking place. In addition to the already mentioned fact that there has been an improvement in the utilization of human resources, there has been a significant improvement in the application of appropriated funds and resources.

It cannot be said that Subhead Thirty was without its shortcomings. The overall program was and is a success. The shortcomings noted were in the manner and method of implementation. If the results of this study are matched against the definitions and functions outlined in Chapter III

it is clear that the program has succeeded in bringing a greater degree of financial management to the Coast Guard. Financial management has been shown to be a realistic possibility in the federal agencies, both now and in the future. Programs such as Subhead Thirty add much to this idea and if the personnel in the field are given adequate and timely directions to follow for the implementation of a major change in policy or program there should be none of the hardship noted by the Coast Guard. In all the program, and similar implementations which may follow it in the Coast Guard or other agencies, make the field managers more aware of their financial authority and responsibility. When the local manager has this position firmly in his grasp, an agency can obtain the best dollar value for its alloted resources.

There are many areas of consideration which must be looked at before any important program is undertaken. Chapter V attempted to develop a model for the evolution and implementation of a program. Every level of the organization has a wealth of knowledge which is wasted every day because managers at a higher level are unwilling to commit themselves to a decision. Even when the commitment is made there is little tendancy for high level management to press for a reasonable program of implementation. All personnel who answered the survey of the

Field Comptrollers felt that this was too often true and that as the Comptrollers are more able to be effective in the decision process the performance of managerial functions will improve. No single individual or office can be cited for either good or poor performance in regard to the management of the Coast Guard programs, but the comments from the field indicate a general support for the current top level of management.

Much concern was held by the field over the assignment practices, but even this area was seen to be improving. People are being situated in jobs where their talents can best be used and the decisions, as well as the process by which they are being made, are greatly improved as a result of Subhead Thirty. The flow of information stimulated by Subhead Thirty and the recently instituted "Comptroller's Newsletter" are making a more effective management program possible. If the current trend continues there should be little or no difficulty in the implementation of future management programs. Because of Subhead Thirty and programs which are being developed to follow it, all levels of management are better prepared for the decisions they must make.

The Old and New Systems

The single most important difference between the new and old system of financial management is that the centralized "over control" of allotments and sub-allotments has been eliminated and control exists only in broad terms which are program related. Costing of unit operations is made more readily possible because actual costs can now be easily attached to each unit, broken down by specific program area, grouped by class of unit, or identified by the specific item of expenditure and its classification. The general costs attributed to engineering maintenance had heretofore been lumped in poorly defined categories. Under Subhead Thirty the costs and codes for expenditures are clearly identified and codified.

The new clarity of information available to the program manager makes his forecasting and planning function easier. He can now see trends in operational areas that were once buried under a mass of paperwork. The program manager is able to get into the field and assist in the operation of the program because control is now at the local or unit level.

In addition to the removal of over control of fund accounts, the Subhead Thirty program streamlined the accounts and gave them better definition. The use of funds in operations

was now identifiable by unit, type, program, and support category. This streamlining made it more possible to accurately identify costs and the application of financial management principles are made easier because of new information clarity.

Recommendations for Further Study

As was mentioned earlier, there are great shifts under way in the funding of government programs. Studying the changes or effects that these political or economic influences have on an agency's management might prove to be a highly interesting and rewarding area for research. Follow-up studies on the actual operation of Subhead Thirty and similar programs through the federal establishment would prove beneficial to both the student and the agency involved. These studies would benefit the agency through an extensive evaluation of the programs they have undertaken and would allow them to compare the data obtained by the study with the information available to them from within their own organizations. The actual recommendations of areas for further study that have come from the research done to complete this paper are as follows:

1. A study of the cost-benefits of Subhead Thirty after it has been in full use for two or more years.

2. An evaluation of the planning, programming, and budgeting operations at the Headquarters level of the United States Coast Guard, with particular emphasis being placed on the apparent lack of coordination between the various offices responsible for financial management programs.
3. An evaluation of the programs being used for the assignment of personnel in the financial management specialty and the changes being considered.
4. The development of a career pattern which could be used to plan assignments for all Comptrollers in the service.
5. An in depth study of analysis methods that could be developed for all government activities, so government and private managers could use similar capital investment decision practices.

APPENDIX I

GLOSSARY OF TERMS

The following terms are defined as an aid to the reader who is unfamiliar with some of the terms used in the federal agencies, both military and civilian, and terms which appear to be common only to the Coast Guard. This listing is directed primarily to the items used in this report and is not intended to be complete or all inclusive.

Administrative Accounts - Funds accounts established for use in the administration of a program. Similar in nature to the funds allocated to various overhead costs in the private sector. Expense funding for necessary, but not necessarily directly related to mission, activities.

Allocated Resources - Funds, personnel, materials, and other items provided for by Congressional authorization and appropriation activities which are programmed for expenditure by an agency over the Fiscal Year. These resources are generall divided, allocated, over the year by periods of time, usually quarters.

AMVER (Automated Merchant Vessel Reporting) - Formerly known as Atlantic Merchant Vessel Reporting. A system of reports

and ship information for all floating vessels, both military and civilian, which is used to provide rescue and assistance information to ships in distress at sea. Information is coordinated by the use of a computer which constantly updates the information to allow for changes in position, speed, course, or other factors for all of the ships in the system.

Area - Broad geographical definition of an operational control sector. Generally, in the Coast Guard, not an administrative function point but the second level of operational control. An Area consists of the districts and units which fall within its geographical boundaries.

Buoy - A floating, unmanned aid to navigation which can take many forms. Equipped with a variety of signalling devices including lights, whistles, gongs, bells, or radar reflectors buoys line the channels of all ports as well as in the navigable rivers and inlets to aid ships in safe passage into or out of port.

Career Pattern - The succession of assignments an officer receives while remaining in the service. A career is generally considered of twenty to thirty years duration and usually ends with retirement. The pattern for any given officer is dependent upon his record of service,

promotions, specialty, and performance of duty.

Chief of Staff - Similar to the Executive Vice-President of a private organization. He is responsible to top management for the coordination and effective management of the staff functions placed under his cognizance. At the district level he is second in the "chain of command" and at Headquarters' he is third behind the Assistant Commandant.

Comptroller - A position of authority which in the federal establishment usually means the head of the accounting and audit function areas. In current times the Comptroller is being given more of a management position and eventually will attain a capacity similar to that held by his civilian counterpart.

Cost-Based Budgets - A system of budeting where the requested amounts of monies, as well as the planned obligations are based on historical data which clearly indicates the actual cost of the item or area being programmed.

Cost-Data - Historical data which shows the actual expenditure of resources for specified obligations. Often used in establishing cost-based budgets as the prime source of information.

District - Third level of operational control and second level of administrative management. Defined by geographical boundaries and made of units assigned to this geographical area. Exercises administrative and operational control over the units assigned to it.

Field Comptroller - A Comptroller located in the operating level of the federal establishment. Generally he is subordinate to some manager at the local level with only functional control being administered by the Comptroller at the Headquarters' level.

Fiscal Year - The accounting year established by the federal government as running from the first of July to the thirtieth of June of the following calendar year. In business this may denote any period of twelve months felt most representative of a business' operating cycle.

Foundering - To be overwhelmed by heavy seas and severe weather in deep water and to fill with water and sink to the bottom as a result of being so situated.

Icebreaker - A vessel designed for passage through ice. Used to open passages in rivers, harbors and deep oceans, such as the Arctic and Antarctic, to allow ships not

so designed to pass. This type of vessel has an extremely strong hull to withstand the pressures of the ice.

Normal Operating Costs - The expenses of operating a unit on a day-to-day basis, as opposed to costs which might be necessary to repair the unit due to damages sustained through natural disaster. The general operating fund for the service and its component units.

Object Code - A numerical value, title, or definition given to various reasons for or areas of expenditure. It identifies the expenditure in terms of classification of use and sometimes in terms of the unit for which the expense was incurred.

Obligation - Expenditure of funds by making use of services or requesting goods when payment is not made by the agency until well after the fact. The funds are available but "earmarked" for a specific usage. Obligation accounts are currently under attack as being grossly inefficient, and a move is under way to eliminate them from the government agencies.

Ocean Station - A 210-mile square area in mid-ocean which is manned by a vessel for the purpose of obtaining

meteorological information, assisting aircraft through communications and navigation, gathering oceanographic data, and as a permanent rescue platform for mid-ocean search efforts.

Ocean Station Vessel - A ship which mans an ocean station.

OPFAC - (OPerating FACility) A number code assigned to a particular unit. Each unit has a specific OPFAC code which indicates the unit, district, and sometimes the type of unit.

POP - (Planned Obligation Program) A year-long plan of the obligations anticipated by a Program Manager. It becomes a step in the budget process where the lower levels of management can make their needs known to the top level.

Sub-Allotment Account - A breakdown of funds into smaller increment accounts for utilization and management of the whole through more effective management of the parts.

Subhead - Any of the headings under which each of the main divisions of the appropriated or allocated funds used by a federal agency might be located. A means of more precisely defining the total amount of allocated

resources by sub-allotting or allocating it into smaller and better defined accounts.

Support Program - Any program that is not directly related to the operation or maintenance of a unit. All programs which supply administrative and personnel services to the organization.

SURPIC - A surface presentation or picture as outputted by a computer to aid the efforts of a major search and rescue operation. This presentation shows the ships in the general vicinity of the vessel or aircraft in distress. If needed, the information contains the course, speed, position, medical facilities, and so on, for all vessels entered into the system.

Unit - Smallest management center and bottom level for administrative and operational control. Generally a ship or station which is located apart or which operates apart from other ships or stations. Coordinated and controlled by District level managers and operators.

X, Y, and Z Reports - Coordinating and follow-up reports used in Subhead Thirty to allow the various levels of management to measure the operational performance of the system.

APPENDIX II

THE QUESTIONNAIRE

A copy of the questionnaire used to sample the opinions of the field Comptrollers is included to enable the reader to gain a better understanding of the areas of concern sampled. The questionnaire was sent to all field Comptrollers; duplication being made in those cases where there had been a recent change of personnel, with the objective being to attain an evaluation of the entire population. A cover letter was attached to each set of forms to identify the author and give the purpose of the study. Comptrollers were not required to sign the form as it was felt by the author that requirement of a signature would result in answers which "followed the party line" and did not show the true feelings of the men being sampled.

Immediately following the questionnaire are graphical presentations which depict the patterns of response. As can be seen, there is some correlation between the patterns for several "categories" of questions.

PART I

In this portion of the questionnaire, each question is followed by a series of numbered answer blocks. To respond, circle the number which corresponds most nearly with your answer.

If you desire to make comments concerning your answer to any question please feel free to use the back of the page.

1.1. To what degree has subhead 30.00 been implemented in your district?

X None
1 10%
2 20%
3 30%
4 40%
5 50%
6 60%
7 70%
8 80%
9 90%
0 100%

1.2. In the establishment of Subhead 30.00, in your district, how much resistance was experienced from field units to its adaptation?

1 None
2 Slight
3 Some
4 Moderate
5 Significant
6 Considerable
7 Great

1.3. How much resistance was experienced from within your own Comptroller's office?

1 None
2 Slight
3 Some
4 Moderate
5 Significant
6 Considerable
7 Great

1.4. Since subhead 30.00 was established by reallocating funds from other subheads, how much resistance was experienced from other fund administrators?

1 None
2 Slight
3 Some
4 Moderate
5 Significant
6 Considerable
7 Great

1.5. Initial confusion over subhead 30.00 at the unit level was:

1 None
2 Slight
3 Some
4 Much
5 Considerable

1.6. Since most field Comptrollers are junior in comparrison with other District Division Chiefs, what have you found in regard to support concerning the establishment of your financial policies and programs?

1 None
2 Slight
3 Some
4 Moderate
5 Significant
6 Considerable
7 Great

1.7. In the first full year of operation, how have the results of subhead 30.00 compared to the old system?

1 Much less favorable
2 Somewhat less favorable
3 Slightly less favorable
4 No significant difference
5 Slightly more favorable
6 Somewhat more favorable
7 Much more favorable

1.8. In the Subhead 30.00 program there is an overriding goal for greater efficiency in the utilization of financial resources. What has been your observation in regard to the efficiency of Subhead 30.00?

1 None (Totally inefficient)
2 Some (Minimal efficiency)
3 Slight ("Costs" slightly greater than return)
4 Average (Breakeven)
5 Above Average ("Costs" slightly less than return)
6 Significant (Highly efficient)
7 Considerable (Benefits greatly out-weigh "costs")

PART II

In this section you are asked to fill in the appropriate answer or answers. Use the back of the sheet if necessary.

2.1. What is your present rank?

2.2. Are you a graduate of the Coast Guard Academy?
(If yes, SKIP to 2.5.)

2.3. Do you hold a college degree?
If yes, What degree?

2.4. From what college or university did you receive your degree?

2.5. Have you received any postgraduate training in the field of finance?
(If no, SKIP to 2.9.)

2.6. Did you receive your postgraduate training while in the Coast Guard?
If no. Why?

2.7. What degree and from what school did you attain your postgraduate education?

2.8. Have you been able to make use of your advanced training in the performance of your Comptroller duties?

2.9. Do you feel that postgraduate training is beneficial to field Comptrollers?

2.10. How many months have you been in your present assignment?

2.11. How many months have you been in the Comptroller field?

2.12. Do you feel that the present assignment of personnel in the Comptroller field is done in such a manner as to benefit the service? Why?

2.13. Do you feel that the quantitative measurement of Coast Guard functions is possible? (Please amplify)

2.14. Give a short definition of Financial Management?

2.15. What must the Coast Guard do to make full use of the techniques of financial management?

2.16. What changes do you feel should be made in the policies and programs regarding field Comptrollers?

2.17. Do you feel that the Subhead 30.00 program idea or concept can be expanded to the Headquarters and District levels for implementation?

How would you propose such an implementation?

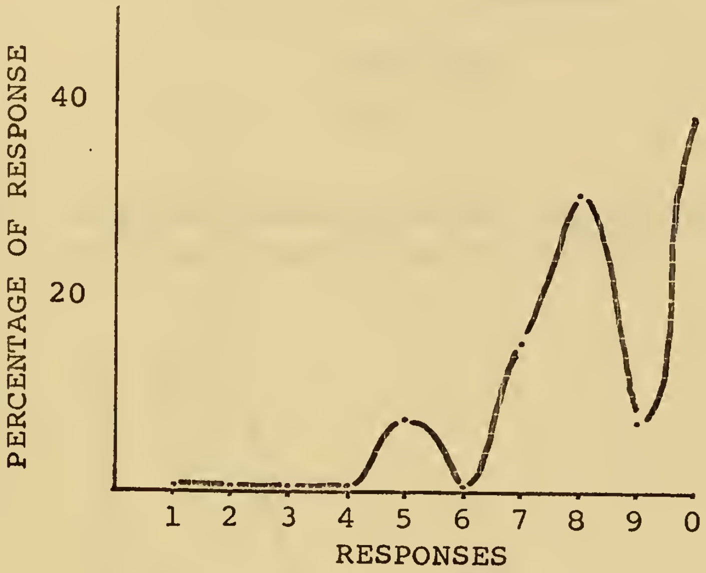
2.18. What are the most prominent obstacles you see to the Coast Guard's implementation of a sound program of financial management?

2.19. Any general comments you desire to make concerning Coast Guard financial management programs may be placed below.

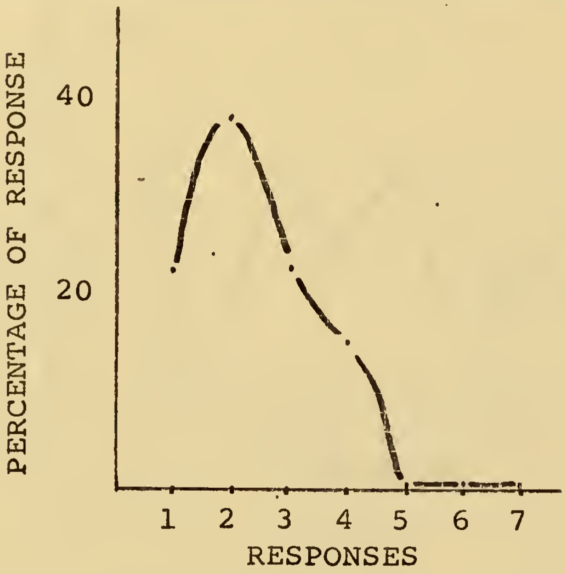
Graphical Response Patterns

The following are the pictorial presentations of the responses to the survey of field Comptrollers as they occured for each question. These graphs are presented for amplification purposes and some coorelation can be seen in the curves for all of the questions as well as a more defined similarity between those that delt with specific areas.

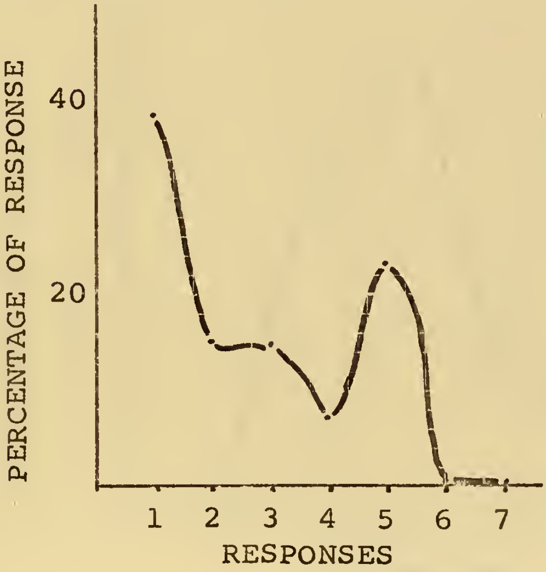
Question 1.1. To what degree has Subhead 30.00 been implemented in your district?



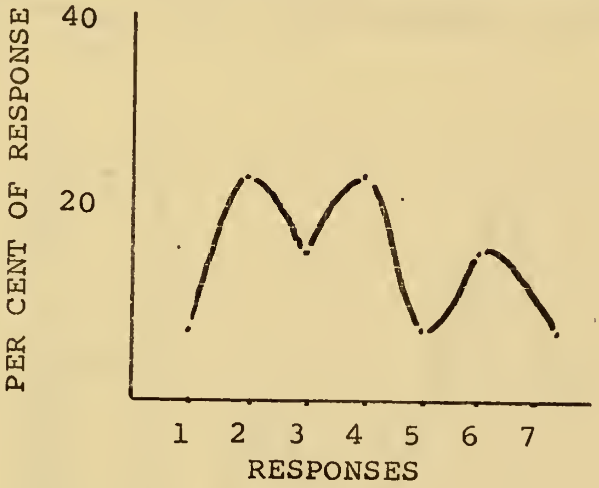
Question 1.2. In the establishment of Subhead 30.00, in your district, how much resistance was experienced from field units against its adaptation?



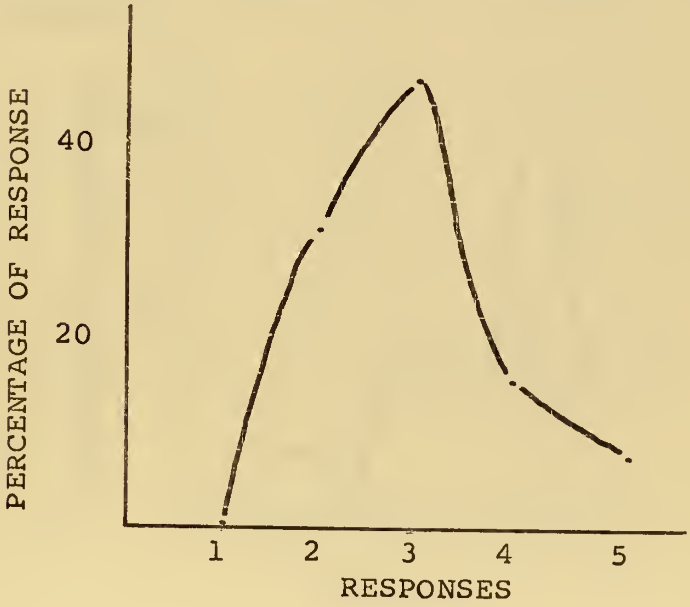
Question 1.3. How much resistance was experienced from within your own Comptroller's office?



Question 1.4. Since Subhead 30.00 was established by reallocating funds from other subheads, how much resistance was experienced from other fund administrators?



Question 1.5. Initial confusion over Subhead 30.00 at the unit level was. . .



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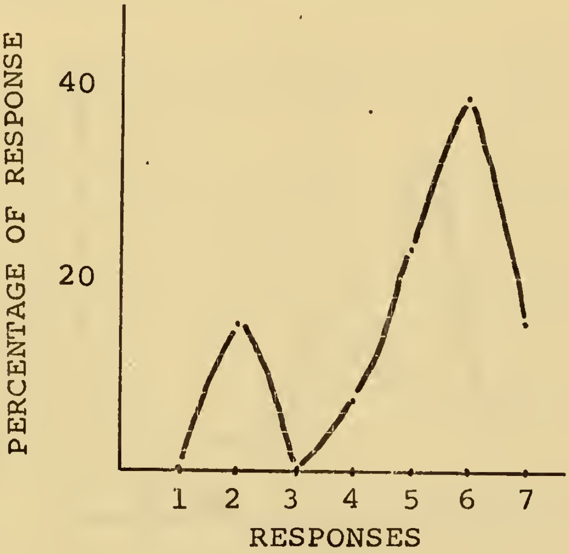
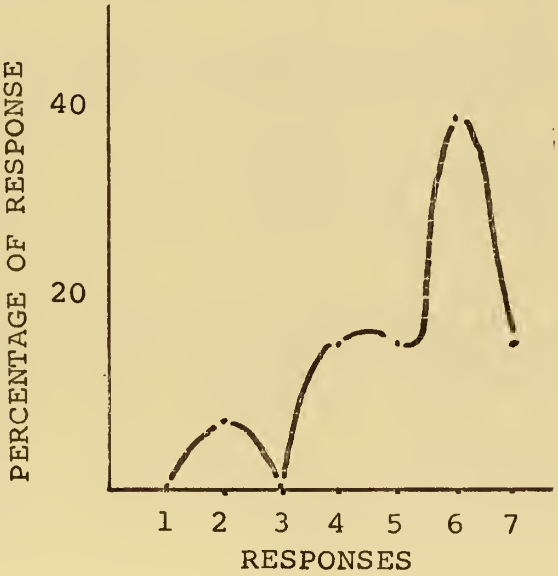
[illegible]

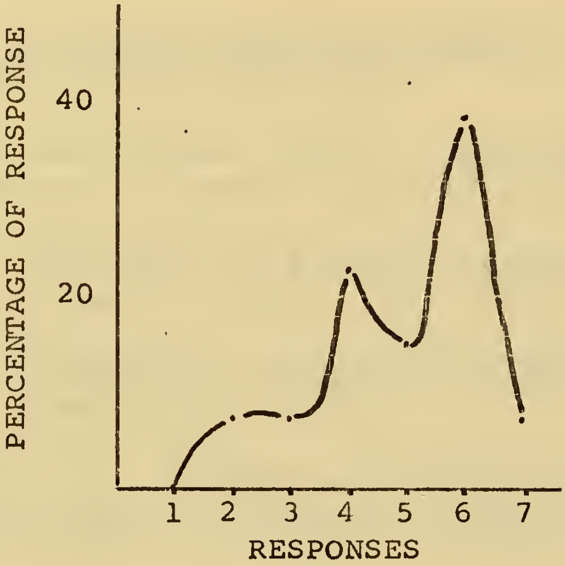
Question 1.6. Since most field Comptrollers are junior in comparison with other district division chiefs, what have you found in regard to support concerning the establishment of your financial policies?



Question 1.7. In the first full year of operation, how have the results of Subhead 30.00 compared to the old system?



Question 1.8. In the Subhead 30.00 program there is an overriding goal for greater efficiency in the utilization of financial resources. What has been your observation in regard to the efficiency of Subhead 30.00?



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